THAMES VALLEY HOUSING ASSOCIATION LIMITED
FINANCIAL REPORT 2016

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Thames Valley Housing Association Limited – Homes and Communities Agency Registration No. L0514. Registered under the Co-operative and Community Benefit Societies Act 2014 (17375R)

The Board of Thames Valley Housing Association Limited is pleased to present the audited consolidated financial statements of Thames Valley Housing Association Limited ("the Association") and the Thames Valley Housing Association Group ("the Group") for the year ended 31 March 2016.

Registered Office:
Premier House, 52 London Road, Twickenham, Middlesex, TW1 3RP

CHAIR & CHIEF EXECUTIVE'S INTRODUCTION

This year, Thames Valley Housing Association (TVHA) turned 50. Over that half a century, housing has never been far from the top of the national agenda. Even so, the position we find ourselves in today, and in our particular area of operation, is unprecedented. We are seeing the demand for affordable homes soar while the number being built is falling. The requirement to reduce our rents by 1% a year over the next four years, along with further welfare and benefit cuts, means we must rise to the challenges we face with ever more vigour and focus. We're here both to deliver more homes and help those who face difficulties, stay living in them. It is because our founders had the foresight to push ahead and build a housing association with this social mission that 50 years later we have over 15,200 homes across more than 60 Local Authority areas.

We're particularly pleased that we've ended the year with an impressive operating surplus of £37.5m against a turnover of £104m. This excellent position reflects our work in the past year, as well as the strong foundations we have built up since the beginning.

Our diverse building model houses a range of residents: from people on very low incomes, to those on more modest ones but who are also priced out of the market. In an era of limited Government grants, our exceptionally strong year means that we have more commercial and shared ownership sales income to subsidise the continued development of these affordable homes. At the end of the year, we have delivered 246 homes for rent, 148 for shared ownership and 170 for sale through Opal, our joint venture with Galliford Try. At the end of the year we had a pipeline of future homes in development of 1,254 over the next five years.

As well as building more, we continue to invest in our existing homes and communities. This year we invested £9.8m in ensuring we keep our homes maintained to the highest standard. Providing good services to our residents is incredibly important to us, and as well as the excellent repairs and planned maintenance services they expect from us, we've also made our digital offer a priority. We've reviewed both how our residents can make and manage their payments, as well as how we provide information to them on service charges. The latter is of paramount importance to our shared owners.

As ever, supporting our residents to improve their skills and life chances has been a key priority in our frontline services; this year we succeeded in supporting 655 residents into employment or training. Our STEP programme, which was funded by the Big Lottery, ended with remarkable results, and through this particular project alone we supported 206 into employment and 270 in to training. Even though this programme has come to an end, our commitment continues and we have invested further in this area, expanding our expertise in-house to include specialist staff supporting social enterprise, start-ups and self-employment opportunities for residents. Ultimately, if we can help residents into work, their homes will be more secure.

Looking ahead, the pressure on housing and the need to help resolve the housing crisis has led us to think about how we can use our partnerships and expertise to do more. This is now more pressing than ever as we move into the unknown following the UK's vote to leave the EU, and the potentially damaging effects this might have on investment, and the economy more broadly. Our response to the unprecedented challenges facing us is our planned merger with Genesis Housing Association, in the summer of 2016. The new organisation we are helping to create will have over 48,000 homes across London and the south-east, and be a leading player in the market.

Our capacity will allow us to build more homes, increasing to 3,000 per annum, and invest in our digital services to ensure a thoroughly modern and accessible approach for residents. As well as this, we will of course continue to invest in our communities and help train those residents in need until they are able to work and lead more fulfilling lives.

Our staff and our Board have worked together to bring about these impressive results. Without their commitment and energy we wouldn't be able to serve our current and future customers.

We must work tirelessly to do more. If we don't, there will be many more people without the base of a good home from which to build their lives.

BOARD MEMBERS AND EXECUTIVE MANAGEMENT

BOARD MEMBERS

David Clayton-Smith	Chair
Ben Denton*	Deputy Chair
John Baldwin	Housing and Neighbourhood Services Director
Paul Bridge	Chair of Thames Valley Charitable Housing Association Limited
Emma Cariaga	Chair of Group Investment Committee
Kathryn Davis*	Chair of Group Treasury Committee
Brian Hendon*	Chair of Group Audit and Risk Committee
Grainia Long	Chair of Customer Services Committee (appointed April 2015)
Geeta Nanda	Chief Executive
Julian Turner	Finance Director (appointed April 2015)

* *Member of the Group Audit and Risk Committee*

EXECUTIVE MANAGEMENT

Geeta Nanda	Chief Executive
John Baldwin	Housing and Neighbourhood Services Director
Guy Burnett	Group Development Director
Jane Long	Interim Director of Corporate Services (appointed December 2015)
Julian Turner	Finance Director (appointed April 2015)
Patricia Etter	Group Company Secretary
Jayne Hilditch	Corporate Services Director (resigned December 2015)
Steve Wood	Group Commercial Director (resigned July 2015)

PROFILES OF BOARD MEMBERS

CHAIR - DAVID CLAYTON-SMITH, BA (Hons), CDipAF was appointed as Chair of the Board on 17 July 2014. David is Chair of the Governance, Remuneration & Nominations Committee and a Member of the Customer Services Committee. His career has encompassed product brands, retailing, consultancy, healthcare and the charity sector. He currently chairs the recently formed NHS Academic Health Science Network for Kent, Surrey & Sussex and is Chair of East Sussex Healthcare NHS Trust. He was formerly Chair of both NHS Surrey and NHS Sussex. A former Chair of The Fairtrade Foundation in the UK, David also spent two years as Chair of the Finance Committee and Treasurer on the Fairtrade International Board. With 30 years working in a wide and varied range of consumer markets, he has direct experience of Board level responsibility for sales, marketing and buying functions in blue-chip organisations such as Courage, Boots and Halfords.

DEPUTY CHAIR - BEN DENTON, MRICS, BSc (Hons), Dip BA has served on the Board for four years. He was appointed Deputy Chair in 2014. He is a Member of the Group Audit & Risk Committee, Group Investment Committee and Group Treasury Committee. Ben is Group Director of Strategy and Business Development at Keepmoat Limited. Prior to that, he was the Executive Director for Growth, Planning and Housing at Westminster City Council and before that he was a shareholder of First Base Limited. Ben is also Chair of Westminster Community Homes.

JOHN BALDWIN, BA MCIH joined Thames Valley Housing as Housing & Neighbourhood Services Director in 2008. He was appointed to the Board on 6th November 2014 and is a Member of the Customer Services Committee. He has worked in the housing sector for over 25 years with roles including policy, supported housing and general needs. He has been Assistant Director for Westside Housing and Director of Housing Management at Notting Hill Housing Trust. John previously served as Chair of Harlington and Rectory Housing Association. John is a Director of Fizzy associate LLPs.

PAUL BRIDGE, BA, MSC has served on the TVCHA Board for four years and was appointed to the Board on 6 November 2014. He is a Member of the Governance, Remuneration & Nominations Committee, Group Investment Committee and the Customer Services Committee. Paul has worked in housing for over 17 years with senior experience in Housing Management, Development, Regeneration and technical roles. Until May 2015 he was Director of Operations and Transformation for East Kent Housing. He has been undertaking interim work since then. Paul is an elected Member of The Housing Forum Board and a founding Member and chair of the Bermondsey Group, a non-aligned forum for senior housing professionals.

EMMA CARIAGA, BSc (Hons), DipTP has served on the Board for five years. She is Chair of the Group Investment Committee and a Member of the Governance, Remuneration & Nominations Committee. Emma is a Director at The British Land Company plc. Prior to this she worked for Land Securities. Emma is a trustee of the youth mental health charity STEM4 and a Board Member of Pathways to Property (Reading Real Estate Foundation).

KATHRYN DAVIS, MA (Hons) (Oxon) was appointed to the Board on 1 July 2014 and is Chair of the Group Treasury Committee and a Member of the Group Audit and Risk Committee. A qualified solicitor, until 2013 Kathryn was a corporate partner at city law firm Slaughter and May, which she joined in 1987 and where she advised mainly FTSE 100/250 companies on a wide range of corporate, commercial and financing issues, both transactional and non-transactional. Kathryn is the vice-chair of the governing board at Paddington Green Primary School, where she also chairs the Leadership & Management Committee and sits on the Achievement & Standards Committee. She is an Independent Member of The Lord Chancellor's Advisory Sub-Committee on Justices of the Peace for Central and South London and a Member of the Council, trustee and non-executive director of The Girls' Day School Trust.

BRIAN HENDON, FCA has served on the Board for six years and is Chair of the Group Audit and Risk Committee, a Member of the Governance, Remuneration & Nominations Committee and Group Treasury Committee. Brian is a Non-Executive Director of Royal Berkshire NHS Foundation Trust and also holds positions as Non-Executive Chairman in various private sector companies. Brian is a Chartered Accountant and has worked in the USA and UK in various Finance Director and Managing Director roles.

GRAINIA LONG, BA, MSC MCIH joined the Board in April 2015 and is chair of the Customer Services Committee. She is Chief Executive of the ISPCC, the national child protection charity in Ireland. Prior to this she spent 8 years at the Chartered Institute of Housing, first as National Director in Northern Ireland and then as Chief Executive. She has also worked for Shelter and the Equality Commission for Northern Ireland. She has been an Advisor to the Commission on the Future of Housing in Northern Ireland, a Member of the Lyons Commission on Housing and is currently a ministerial appointee to the Board of the Northern Ireland Human Rights Commission.

GEETA NANDA, OBE, BSc, PG DIP Housing, CIH, joined Thames Valley Housing in 2008. Geeta has worked in the housing sector for 26 years and joined Thames Valley Housing from Notting Hill Housing Group where she was Group Operations Director. Geeta is a Board member of TVCHA and TVHA and is a member of the Group Investment Committee. She is a Director of Fizzy Enterprises, our market rent venture with Silver Arrow. She is a Non-Executive Director at McCarthy & Stone Plc and was previously Vice Chair of Scope. She is currently a Commissioner on the Fairness Commission for London.

JULIAN TURNER, FCA, BSc (Hons), joined Thames Valley Housing as Deputy Finance Director in 2014 and was appointed to the Board in April 2015 as Finance Director. He is a Member of the Group Treasury Committee and a Director of Fizzy Enterprises, our market rent venture with Silver Arrow, Opal and Evolution. Julian worked for over 13 years in the financial services sector and is a qualified chartered accountant with extensive experience across structured finance, debt capital markets and commercial lending. Julian is a parent governor at his local primary school and is Chair of the Resources Committee.

PROFILES OF EXECUTIVE MANAGEMENT

CHIEF EXECUTIVE – GEETA NANDA OBE

HOUSING & NEIGHBOURHOOD SERVICES DIRECTOR – JOHN BALDWIN

FINANCE DIRECTOR – JULIAN TURNER

GROUP DEVELOPMENT DIRECTOR – GUY BURNETT, ICIOB, joined Thames Valley Housing in 2003. He has worked in the housing sector for 20 years, as well as in private sector organisations specialising in residential development and regeneration. Guy is a Director of both Opal and Fizzy joint venture and associate LLPs.

INTERIM DIRECTOR OF CORPORATE SERVICES – JANE LONG joined Thames Valley Housing in December 2015 as Interim Director of Corporate Services. Jane has over 25 years' experience managing and leading a wide portfolio of corporate services including HR and Organisational Development, Governance, Compliance and Risk, Business Planning, Communications, IT and Health and Safety in a variety of sectors including the private sector and housing.

CORPORATE GOVERNANCE AND BOARD COMMITTEES

TVHA and TVCHA operate a Common Board (the "Board") to govern both associations. The Common Board considers all matters and makes all decisions affecting both associations. In order to protect the charitable objects of TVCHA and to preserve the integrity of TVCHA as a separate legal entity, where a conflict of interest arises between the two associations, three nominated Board Members subordinate their duty to TVHA to their duty to TVCHA and act wholly on TVCHA's behalf for consideration of the relevant decision.

The Board has adopted a Code of Conduct which reflects the requirements set out in the National Housing Federation's Code of Conduct 2012. The Board has adopted the National Housing Federation (NHF) Code of Governance 2015. The Board received an annual report on compliance in March 2016. Following review of the report, the Board confirms that it fully complies with the NHF Code of Governance and Code of Conduct and with the Homes and Communities Agency (HCA) Governance and Financial Viability Standard.

The Board is responsible for the leadership of the Group and for ensuring that where appropriate risks are taken, these are properly managed. The Board ensures that the Group has the necessary financial and staff resources to deliver its objectives and sets ethical and health and safety standards. The Board is fully involved in the Group's Value for Money Strategy and reviews the Group's performance against the HCA Standards annually. The Board reviews the skills profile of the members annually and on the retirement of members. All Non-Executive Board Members are subject to re-election every three years, and are appraised annually. The Governance, Remuneration and Nominations Committee is responsible for an annual appraisal of the Chairs of TVHA and TVCHA.

Board structures are clear and include details of the timing and membership of the Board and its committees. During the year, the Board held ten board meetings and two strategy days. Minutes of the meetings of the Group Audit and Risk Committee, Governance, Remuneration and Nominations Committee, Group Investment Committee, Group Treasury Committee and Customer Services Committee are sent to the Board. Board members are provided with regular detailed briefings on the Group's business and have access to a suite of key performance information. Board Members are able to obtain independent advice when they deem it appropriate. The Group Audit and Risk Committee has a right of access to all information within the Group. Board Members are encouraged to undertake further training and new board members have a tailored induction programme. Board members are remunerated at levels consistent with the Group's scale of activities and sector norms.

BOARD COMMITTEES

GROUP INVESTMENT COMMITTEE

The Group Investment Committee makes investment decisions on Opal Land schemes and on major new schemes which otherwise would require Board approval and fall outside of the authority delegated to the Executive Directors.

GOVERNANCE, REMUNERATION AND NOMINATIONS COMMITTEE

The Governance, Remuneration and Nominations Committee reviews and makes decisions relating to the governance of the Group, and, in particular, the appointment and remuneration of Board members and staff. The Committee meets two to three times a year.

GROUP AUDIT AND RISK COMMITTEE

The Group Audit and Risk Committee's primary role is to independently oversee and monitor the process for ensuring an effective internal control system is maintained, together with reviewing the risk management systems, monitoring the integrity of the financial statements and providing oversight of the internal and external audit process. The Committee meets at least three times per year. On at least one occasion each year, the Committee meets separately with the external and internal auditors without the presence of Executives.

GROUP CUSTOMER SERVICES COMMITTEE

The Group Customer Services Committee scrutinises and makes decisions in relation to management and maintenance services provided to residents to ensure high service standards, efficient working and delivery of performance indicators across all tenures. The Committee includes Board Members and residents.

GROUP TREASURY COMMITTEE

The Group Treasury Committee considers and recommends the Group Treasury Strategy and Treasury Policy to the Board, as well as approving borrowings, loans, derivative transactions and certain investments. Members are chosen for their expertise in treasury management.

BOARD AND COMMITTEE MEMBER ATTENDANCE

The number of Board and Committee meetings attended by each current director during the financial year was as follows:

	Common Board Meetings & Strategy Days	**Group Investment Committee**	**Governance Remuneration & Nominations Committee**	**Group Audit & Risk Committee**	**Group Customer Services Committee**	**Group Treasury Committee**
	(12 meetings)	*(2 meetings)*	*(2 meetings)*	*(4 meetings)*	*(4 meetings)*	*(4 meetings)*
David Clayton-Smith	12/12		2/2		3/4	
Ben Denton	11/12	2/2	1/2	4/4		4/4
John Baldwin	12/12				4/4	
Paul Bridge	5/5	1/1	1/1		2/2	
Emma Cariaga	10/12	2/2	2/2			
Kathryn Davis	12/12		1/1	3/4	1/2	4/4
Brian Hendon	12/12		2/2	4/4		3/4
Grainia Long	11/12				3/4	
Geeta Nanda	12/12	2/2				
Julian Turner	11/11					3/4

BUSINESS AND FINANCIAL REVIEW

THE GROUP'S VISION AND PRINCIPAL ACTIVITIES

VISION

Our vision is for everyone to have the chance to build their lives from a good home. We will support our residents by providing them with good quality affordable homes and investing in their communities.

PRINCIPAL ACTIVITIES

- The principal activities of the Group in social housing are: The management and development of social housing for people who cannot afford to purchase their own homes outright or rent a home in the private sector.

- The management and development of social housing is carried out by Thames Valley Housing Association Limited ("TVHA") and its subsidiary, Thames Valley Charitable Housing Association Limited ("TVCHA"). Both associations are Registered Providers and development partners to the HCA, and have preferred partner status with a number of local authorities to help create communities.

To help achieve its social objectives, the Group also has significant commercial activities in:

- The development and management of a portfolio of properties for market rent in London and the South East under the Fizzy Living brand focused in the private rental sector ("PRS"). At 31 March 2016, Fizzy Enterprises LLP, the investment vehicle for the market rent business, was owned 69% by Silver Arrow, a third party investor, and 31% by TVHA.

- The development of housing for outright sale in the private market by way of investment in a series of joint ventures with Galliford Try trading under the Opal brand name. Each joint venture vehicle is established on a 50/50 ownership basis between TVHA and Galliford Try.

CORPORATE PLAN 2015-18

EXTERNAL CONTEXT

The corporate plan covers a period when demand for new homes of all tenures is high and housing associations are being pushed to deliver more homes. It is also a period of income volatility and rising costs for residents on low income whose real income growth is limited.

The housing sector is facing some of the most significant changes in decades following the general election in May 2015 and the July 2015 budget which followed. The thrust of government policy is to increase the supply of new homes, with a particular emphasis on increasing home ownership. The Government is also continuing its programme of significant welfare reform, started in the last parliament. In addition, voluntary right-to-buy may be extended to most housing association tenants, and social rents have been reduced by 1% for four years from April 2016. The current requirement under section 106 of the Town and Country Planning Act 1990 that new developments must include a percentage of affordable rented housing is to be replaced by a requirement for a proportion of starter homes for ownership.

Merger activity in the sector is significantly increasing with many Housing Associations seeking a partner. This is driven by the following objectives:

1. To create more efficient organisations;
2. To build more homes to meet the housing shortage; and
3. To improve financial resilience and capacity.

Thames Valley Housing is proposing to merge with Genesis Housing Association in the summer of 2016 to be achieved through a transfer of engagements of Thames Valley Charitable Housing Association Limited into Genesis Housing Association Limited, with Thames Valley Housing Association Limited as a subsidiary. The combination of Thames Valley's financial performance with Genesis's financial capacity will seek to create an organisation that is stronger together and can meet the demands of being a 21st century housing association.

The proposed merger will necessitate the development of a new corporate plan. However, in the meantime we are continuing to pursue our existing objectives as set out below:

1. Delivering a great landlord service.
2. Supporting our residents and communities.
3. Growing our business through organic and inorganic opportunities.
4. Digital Transformation.
5. Maintaining our organisational capacity to deliver our services.

Whilst housing supply is an important issue, we can see no feasible return to significant cash grant funding for the development of new social housing and there is an expectation for associations to support development through other methods of funding. Housing associations have become a focal point for government after the election as it relies on the sector to increase supply through greater efficiency, asset sales and utilisation of financial capacity.

Our Group has responded to this and now operates a business model which places more reliance on sales revenue for subsidised expansion of social housing. We aim to deliver more housing by:

- Delivering the affordable housing development and commercial programmes in line with the growth and investment strategy.
- Delivering the business plan growth targets for developing units for outright sale through our Opal joint venture with Galliford Try.
- Delivering the business plan growth targets for expanding Fizzy through Fizzy Enterprises LLP, an investment vehicle partly owned by TVHA and majority owned by Silver Arrow, an investment entity of the Abu Dhabi Investment Authority.

For those in the middle income group, access to home ownership in the South East is increasingly difficult. Property prices remain high in London. In the South East, prices are increasing fast. Shared ownership is in high demand in all areas, as it is an efficient way to access accommodation, generally cheaper than renting privately or owning a home outright.

Market rent continues to grow in our core areas and is likely to continue to grow for the foreseeable future. The private rented sector backed by institutional investment continues to grow at a pace, with Fizzy leading the way, alongside new entrants to the market. Local Authorities are beginning to see professionally managed private rental properties as part of their housing needs solution for local people.

For those who rely on welfare benefits to support them, welfare caps will tighten and the ability to pay rents will be constrained, particularly for larger families. Coupled with this is a withdrawal of support services for more vulnerable people where local authorities do not have a statutory duty as spending cuts bite. As the housing benefit bill has increased significantly over the past fifteen years it remains a target for cuts. Over the life of this plan we will see the introduction of Universal Credit across our geographic area of operation. The payment of housing benefit directly to residents will have an impact on income collection and resource levels to collect the rent. It will also have an impact on those out of work, as the aim of Universal Credit is to improve the position for those in work. Households out of work will potentially receive less than before.

To support our residents and their communities and will:

- Enhance the offerings for training and development activities for residents to improve employability skills.
- Develop a range of ways to minimise any negative impact to individuals from welfare reform and Universal Credit.

Consumers continue to demand greater accessibility, flexibility and personalisation in services. Technological advances mean that our customers increasingly compare our services and speed of delivery with banks and supermarkets. The development of good online services is now no longer just an option but a requirement. We will create and deliver a digital transformation strategy, such that this becomes the normal way of working.

Whilst tenant satisfaction across social housing, key worker rent and market rent remains high, shared ownership satisfaction rates are much lower across the sector, although demand for the product is high. Therefore, increasing our efforts to deliver a great landlord service is important. To do this, we will:

- Align our service delivery around the needs of the customer by:
  - Removing barriers to delivering the service.
  - Enabling customers to self-serve.
  - Increasing operational efficiency.
- Improving perception of the leasehold service product and its delivery with leaseholders.
- Improving the efficiency and effectiveness of the repairs service.
- Embedding and evaluating a new resident scrutiny panel, to ensure return on investment and value add to delivery of services.

Digital technologies are changing the way we live and work. We will use these approaches to deliver online services to customers and improve operational efficiency. We will:

- Ensure that external and internal services are easily accessible through the digital platform to underpin the service design review.
- Increase use of digital solutions and the number of transactions carried out through mobile working for staff.
- Create and deliver an ICT strategy aligned to service design that delivers the tools needed for staff to carry out their roles effectively.
- Develop staff skills by ensuring that everyone in the organisation has sufficient training in maximising the use of the digital platforms and updating leadership and management approaches to maximise the benefits of the networked digital age.
- Maintain a secure and reliable approach to information governance, data security, data integrity and protection.

All of these objectives will be underpinned by a strategy of maintaining organisational capacity, which depends on:

- Securing the capacity and funding required to enable growth ambitions.
- Delivering the required return on assets and operating efficiencies as set out in our Asset Management Strategy.
- Ensuring a staff reward package, culture and professional development opportunities that attract and retain high quality talent.
- Ensuring that diversity and equality principles continue to be embedded across the organisation.
- Developing strategy for achieving value for money.
- Ensuring compliance with our regulatory framework.

HOW WE PERFORMED AGAINST OUR STRATEGIC OBJECTIVES FOR THE YEAR

This was the first year of our 2015-18 corporate plan, which focused on the five strategic objectives referred to above.

DELIVERING A GREAT LANDLORD SERVICE

HOUSING MANAGEMENT

In 2015/16 we focused on three key objectives:

1. Helping our tenants affected by welfare reform changes.
2. Improving our online services to tenants.
3. Improving all other services whilst increasing housing stock.

Our ongoing approach to managing the impact of the welfare reform changes has enabled us to support over 400 residents, protect rental income and maximise personal income. We provided direct support, signposting and advice to those tenants affected which has allowed us to prepare better for the wider roll out of Universal Credit in our area of operation which started in 2015. Income collection has remained strong with arrears at 4.6% (2015: 4.6%). Satisfaction with our overall service delivery was 77% (2015: 74%).

The launch and promotion of our new online service MyTVH is transforming the way in which residents contact us. This has significantly improved the ease of paying and over time will improve efficiency, with lower transaction costs and fewer incoming payment calls. Over the coming year, this online service will be extended to cover repairs ordering, further enhancing the service.

Over 400 new homes came into management in the last quarter of the year. This has increased our rented stock by 3% overall and has meant a greater focus on service delivery in Aylesbury, where the bulk of these new properties are situated.

The handover of Woking PFI properties continues with 108 out of 224 under management by 31 March 2016.

Two blocks of former shared housing are now out of management and we are currently on site changing their use. One of these schemes is being upgraded into homes for sale through shared ownership and the other will be converted into affordable rented properties. This year we extended agreements with other landlords for the management of our outlying stock in Eastleigh, Winchester, Fareham and Vale of White Horse thereby enabling us to concentrate our own services in our key management areas of operation.

PROPERTY AND ASSET MANAGEMENT
Our responsive repairs service with Axis Europe Plc is now in its second year and achieved satisfaction at above the 95% target, an improvement on the 90% achieved the previous year. Our voids management delivered relets within our corporate target of 21 days.

We achieved our 100% target for completing annual gas safety checks in time, with 96% satisfaction for the safety check visit. Our gas service achieved 96% satisfaction for gas boiler installations and 91% for the responsive repairs element of the gas service. We commenced the re-procurement of our domestic gas service and will use resident feedback to develop the service to meet residents' needs.

All of our homes meet the Decent Homes Standard and we have stock condition information on over 90% of our assets. This data was gathered in the last 5 years. We actively aim to survey 20% of our assets annually.

Our stock has an average energy performance rating of 71.91, equivalent to a C rating. This is an increase in performance of 0.91 from the previous year. This places our stock in the top 105 performing homes of all tenures in the UK. We continue to identify and deliver thermal improvements such as installing gas central heating, external wall insulation, double glazed windows and more efficient gas-fired boilers.

We completed the appraisal of all our assets in terms of financial and strategic performance against an agreed set of criteria. This information has provided assurance that our assets are financially sustainable and allows us to focus on improving the performance of all our assets.

HOME OWNERSHIP
In the past year, we have continued to introduce improvements in our delivery of management services to our residents against three primary objectives:

1. A better customer experience.
2. An improved service charge management system.
3. Closer monitoring of delivery of estate-based services.

Our commitment to improving the service provided to our homeowners continues to be our overarching objective. To ensure that our staff is better-equipped to address the wide-ranging enquiries from our residents, we have invested in training and developing our team with customer service and professional qualifications. This investment in our staff is helping to embed a more consistent and professional standard of service delivery and estate management to all homeowner service staff.

Alongside this, we recognised that both service charges and monitoring of service delivery were a concern for residents. We concluded an in-depth review of our service charge administration and have now gone live with a new IT system to bridge existing Housing and Finance systems and to allow staff to set and manage budgets at a scheme level. To support this we also reviewed service charge officer roles to create end to end responsibility with appropriate support from Finance. This has enabled improved accuracy of estimated charges for the year ahead, allowing regular monitoring of scheme spend so we can challenge poor service delivery as it arises. In turn, this will make it easier to ensure that we only pay for services correctly delivered and that our residents are only liable for costs properly incurred. During this year we also restructured our management fee approach, to ensure our fees are reasonable and within the range of that of other similar organisations.

A key part of our improvement strategy was the introduction of a Service Assurance Officer (SAO), a new quality assurance role within the team. This role involves inspecting our leasehold schemes; assessing the quality of services delivered; identifying communal repairs, grounds and cleaning issues and advising where a better quality or specification of service is needed. To date, we have conducted almost 700 inspections, confirming which schemes meet the agreed standard. Where they do not, the issue is rectified thereby reducing the need for a resident to call and report a problem. This has resulted in time efficiencies within the team and greater flexibility and responsiveness in our service.

Finally, we have taken greater control of communal heating problems on certain schemes. On one scheme, we took over full ownership and maintenance of the plant room and pipework from the developer. At this scheme, we have significantly reduced the incidence of heating failure, introduced servicing measures to ensure the primary system is correctly maintained and offered residents a fixed price callout service for maintaining the heating-related equipment within their home.

During the course of the year, we have continued to monitor satisfaction levels and have seen a consistent improvement in this area. Our improved approach to handling customer enquiries, monitoring estate-based services and increasing transparency in service charge management has clearly had a positive impact. We have seen general satisfaction with our homeowner service increase from 40.5% at year end (March 2015) to 46.3% in Quarter 3 (12 month rolling average). Similarly, the percentage of leaseholders who would recommend TVH increased from 62.5% at the beginning of the year to 66% in Quarter 3, reaching a high of 68.3% in March 2016.

KEY WORKER AND STUDENT HOUSING

The majority of KPI targets for key workers and student housing were met. Rent arrears at year end were 0.6% against a target of 2.5% or less, and property voids were at 1.6% against a target of 5% or less. Resident satisfaction was high at 89.5% compared with an 82% target.

We have housed 784 new key workers in the last twelve months, most of whom came from nominations made by one of our eight NHS Trust partners, and over 460 students at the University of Surrey in Guildford. We are close to resolution with respect to latent defects /remediation work required at the St George's and Hammersmith key worker schemes.

The total number of units of key worker and student accommodation in management is 2,017. In addition, having acquired from the Frimley Health NHS Foundation Trust last year a 2-acre site for development, we anticipate completing and taking into management a further 86 homes for key workers and are currently on target to take the first handovers in January 2017 and completion by March 2017.

The following table shows key performance indicators for key worker and student accommodation:

Performance Indicator	**2015/16 Outturn**	**2015/16 Target**	**2014/15 Outturn**
Current Tenant Arrears (%)	0.6	2.5	0.6
Void Rate – Units Available For Letting (%)	1.6	5.0	2.1
Overall Tenant Satisfaction (%)	89.5	82.0	86.8

SUPPORTING OUR RESIDENTS AND COMMUNITIES

RESIDENTS' TRAINING AND EMPLOYMENT INITIATIVES

The Employment and Training Team in partnership with the Big Lottery Funded Step Programme supported 206 customers into employment and 270 into training. We also signposted 655 residents to training and employment opportunities with partner organisations.

This year, we partnered with the Hounslow Job Centre to support unemployed graduates into eight-week work experience placements at TVH. We supported 8 out of the 10 candidates directly into employment. The partnership is ongoing and is set to engage even more graduates in the next year.

AN EXAMPLE OF HOW WE HELP GET RESIDENTS BACK TO WORK
We partner internally and externally to access work placement opportunities for long-term unemployed residents. This year we engaged with a single mother who had some accounting qualifications though had been out of work for a long time and was facing multiple barriers to work. A conversation with our Employment Officer one day resulted in her being offered the opportunity to interview with the Finance directorate for a work placement to boost skills and build confidence. The placement was a great success and has resulted in an offer from another team within TVH to boost her skills further and she is now looking forward to a successful career within the Housing sector.

COMMUNITY INVESTMENT STRATEGY
The Community Investment team works in a number of different ways with residents, stakeholders and management teams to understand the specific issues and needs within the communities we serve. Through the Community Plan projects, we work with local Housing Officers to determine both physical and non-physical interventions that can improve the lives of local residents by reducing anti-social behaviour or increasing opportunities. The Community Champions project works from the ground up, with residents identifying both the issues and the solutions with support from the team. Some examples of the projects that the team has undertaken over the past year include:

- Worcester Park, Sutton, had a number of issues that revolved around tensions between different tenures. Working closely with the Housing Officer, Property Manager and the local management company, we developed a series of strategic interventions to break down the barriers in the area, including funding events for all residents, such as a 'Fireworks Spectacular' which had approximately 3000 spectators. Our work with the Hamptons Gym saw 20 TVHA residents signed up for membership, where previously they had been excluded.

- In February 2016, TVH staff in partnership with The Conservation Volunteers led a Design Day at Westfield Primary School with pupils and service users from the Alzheimer's Society. The day was based around designing and planning the transformation of each other's green spaces, in a scheme that will be delivered as a large-scale volunteering opportunity. As well as developing the green spaces, the project is aimed at promoting awareness of the issues around dementia.

- Spark's TEDx Youth Programme, which was funded by the Community Chest, culminated in an event at West Thames College with young people giving presentations to a packed theatre. The young people, from various schools in Hounslow, had been mentored by Spark and volunteers from locally-based companies such as GSK, to increase their confidence and public speaking skills before delivering their speeches at the final event.

A Mental Health First Aid Workshop, conceived by the youngest Community Champion, was delivered to a group of TVH staff and residents. The sessions aimed to instil a better understanding of mental health issues. As a result, Slough CVS offered TVH residents 10 places on Youth Mental Health First Aid Workshops.

GROWING OUR BUSINESS THROUGH ORGANIC AND INORGANIC OPPORTUNITIES

DEVELOPMENT OF AFFORDABLE HOUSING
It has been another successful year for TVH as we have started the construction of another 450 new affordable homes across London and the South East for home ownership and rent.

Working alongside our private and public sector partners, we continue to pursue our ambitious growth targets and have a substantial development pipeline of approximately 1,500 affordable homes to be developed over the coming years.

WORKING IN PARTNERSHIP

WOKING PRIVATE FINANCE INITIATIVE ("PFI")
Our non-HRA PFI housing scheme is being delivered in a joint venture with members of the Kier Group Plc. To date over 100 of the new PFI funded homes have been delivered and are occupied, with the remaining 124 homes on track for delivery by December 2016.

FRIMLEY NHS KEY WORKER SCHEME
In partnership with Frimley Health NHS Foundation Trust, we have commenced the construction of 86 new rented homes for people working at Frimley Park Hospital. The scheme also includes 34 homes for outright sale.

INVESTMENT IN BUILD

Our Opal joint venture with Galliford Try is seeking to develop 1,538 homes across London and is generating profits to cross-subsidise the delivery of our affordable housing programme.

A good example is where profit generated from our Opal scheme at Blackfriars Road in the London Borough of Southwark has been used to subsidise the delivery of 84 new affordable homes at Matthews Green Farm in Wokingham, as well as 21 new affordable homes at Weydon Lane, Farnham.

FIZZY LIVING

Fizzy Living (Fizzy) was launched in February 2012 with seed capital of £30m provided by TVHA. Fizzy is designed specifically to service the needs of young professionals and others seeking accommodation in the private rented sector (PRS). Fizzy received an initial capital commitment of £200m from institutional investor Silver Arrow; an investment entity of Abu Dhabi Investment Authority. Additional capital of £200m has been committed by Silver Arrow since then to cover the currently anticipated pipeline.

Fizzy has an operational portfolio of 246 apartments across 4 sites, all of which are fully let with stabilised income. The operational portfolio has been refinanced with £32.4m provided by PGIM Real Estate Finance, a global leader in real estate debt.

Two further buildings are under construction in Lewisham which will bring a further 136 apartments into the portfolio. Completion is scheduled for April 2016 and May 2017 respectively. Construction is also underway at a 189-unit development in Hayes, due for delivery in February 2018. Fizzy has also purchased a site in Finchley to build out directly on a land-led basis.

TVH Group provides operational and acquisition services to Fizzy Living via Fizzy Services Management, a wholly-owned subsidiary of TVHA. Fizzy Services Management now comprises 14 staff responsible for Acquisitions, Operations and Sales.

Fizzy remains focused on its continuing strategy to target London and the South-East, being the main market for new PRS investment.

Our investment in Fizzy has achieved capital growth ahead of budget expectation, with the year end valuation showing annual growth of 20.2% compared to the prior year for existing properties under management.

Fizzy’s success is largely attributable to the clarity of Fizzy’s focus, being the delivery of a tailored solution to the housing needs of a defined demographic. TVH’s share of the profits generated from this venture will be invested back into affordable housing to meet our social purpose. The growth strategy for Fizzy is to continue to build a large portfolio of quality private rental accommodation over the next 5 years.

SHARED OWNERSHIP

Shared ownership is now recognised as an important product category in dealing with the UK’s housing requirements. As a consequence, national policy changes have helped to ensure accessibility to the product is widened, as well as freeing up some of the constraints within the secondary market. We have continued to see strong interest in our homes throughout all of our operating areas, with high levels of demand for both apartment-based schemes and larger family-sized accommodation.

As part of our commitment in developing our customer offer, we have invested heavily in the journey our purchasers go through when buying a home. This encompasses all stages of the sale process, from a digitally designed educational platform through to detailed home demonstrations and ensuring the customer is made to feel special on the day they move in. We are in the process of registering with the Home Builders’ Federation, (“HBF”) with the aim of achieving a 5 star accreditation for our customer service offer.

This year we completed our flagship development “Russell Square” in Horley, where 75 new homes were built for shared ownership. 95% of the purchasers also signed up for our Shared Ownership PLUS product. In recognition of its innovative service offer, design and specification, Russell Square was awarded the Gold Award for Best Starter Home at the *WhatHouse?* Awards.

We have continued our efforts to promote and develop the secondary market for shared ownership through interesting and unique partnerships with property businesses providing a fast and efficient service for our customers wishing to sell their home.

DIGITAL TRANSFORMATION

In 2015/16 Thames Valley Housing adopted a digital transformation strategy. This aims to enable change in our relationship with our customers, giving customers more control over how and when they interact with us enabling continuous improvement of the customer experience.

Using MyTVH as our online platform, we have encouraged customers to move increasingly towards self-service through multiple channels, backed up by assisted digital support for those who are unable or unwilling to use online services. We intend to offer a range of services through this platform, including rent and service charge payments, booking repairs, monitoring progress of repairs and providing feedback.

There has been a strong initial uptake in the services offered and we continue to develop and improve the range of services we provide online. At the start of 2016, over 98% of TVH households had been invited to register for MyTVH. 28% of these have registered and around 65% of those registered regularly return within six months.

Our approach to providing digital services is key to our Customer Experience strategy of making it as easy as possible for our customers to interact with us.

MAINTAINING OUR ORGANISATIONAL CAPACITY TO DELIVER OUR SERVICES

OUR STAFF

Our staff are fundamental to our ability to deliver our growth strategy and objectives. We have enhanced our recruitment strategy to include social networks such as Facebook and LinkedIn, to ensure we are reaching a broad range of candidates. We have also re-invigorated our approach to staff induction to ensure new staff buy in to the "TVHA" way from the start of their careers with us. Clear objectives and performance targets for all employees are reinforced through comprehensive performance management systems. We carried out a range of training and development activities this year, with a particular focus on digital platforms.

CAPACITY TO FINANCE GROWTH

We have maintained and improved our organisational and financial capabilities to direct and fund our objectives and deliver sustained and ambitious expansion of both our core social housing and commercial investment over the next five years. Our balance sheet has been strengthened and fully committed loan finance is in place to cover all of our current, and the majority of projected, funding requirements. With our diversification into commercial activities, our governance arrangements ensure continuing tight control and strategic direction over our expansion. A significant amount of the financial capacity for commercial business has been sourced from third party providers of equity and debt outside of the Group, which enables efficient use of our own capital.

EQUALITY AND DIVERSITY

The Group promotes equality and celebrates diversity. We have a whole organisational approach to equality and diversity, and believe that no person should suffer disadvantage by reason of race, religion, faith, gender, sexuality, marital or civil partnership status, pregnancy or maternity, age or disability. We tailor our services to the needs of all categories of our residents.

HEALTH AND SAFETY

We are committed to meeting and stretching Health and Safety targets, and employ an external firm of Health and Safety specialists (WYG) who report annually to the Board. Our Health and Safety procedures are subject to regular review by KPMG LLP, our Internal Auditor. Last year there were no reported RIDDOR accidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations).

VALUE FOR MONEY

Value for money has been delivered through:

- Providing good quality, efficient and effective services to residents.
- Adhering to our asset management strategy, which seeks to improve the performance of our assets.
- Using balance sheet strength and returns from diversified activities to increase the provision of affordable homes with less grant funding.

The decision to merge with Genesis has been taken to enable the new merged organisation to radically improve the capacity to deliver new homes and invest in communities and residents' services, specifically:

- The ambition to deliver 3,000 new homes each year across multiple tenures;
- Improved financial efficiency enabling us to invest more in front-line services for residents;
- Enhanced investment in technology to speed up the development of online services for residents

The new organisation aims to build 1,500 affordable homes a year as part of the above programme. It is planned to spend the majority of our available resources on new affordable homes. The new organisation's financial plan builds from the reduced income base following the rent reductions implemented from April 2016. The plan also provides for the continuing investment in existing homes. Service delivery will be revolutionised through enabling residents to access services online through a new digital platform, providing improved services at lower cost.

Our self-assessment for 2015/16 demonstrates continuing improvements in efficiency and a reduction in costs across most areas of the business. We have been particularly successful at lowering our overheads to focus investment in front line delivery and our operating margin is high. Overheads remained low and top quartile in our benchmarking group. In social rented housing, management costs were high but reduced slightly as our stock increased, and our performance is good. Our investment in employment and training has continued to produce great results for our residents at little cost. We believe our investment in online services will yield future improvements in reducing cost and improving service, and our proposed merger with Genesis will enhance our ability to achieve this. Our now established repairs contract has focused performance on service areas of most importance to our residents. Repairs costs decreased in 2014/15 and benchmarked favourably with our peer group.

Our asset management strategy has delivered efficiencies by either disposing of or re-configuring poor performing stock. We produced an initial report on our newly developed asset appraisal approach, which enabled us to analyse poorer performing assets and develop an improvement strategy for managing our assets.

The diversification of our business into market sales and the private rented sector through commercial partnerships continues to provide an effective cross-subsidy to support the development of additional homes. This includes affordable rented homes and means that TVHA is less reliant on grant from the public purse. Our partnerships are structured to protect the Group from the potential risks involved and make use of third party external leverage to achieve the desired scale, to secure meaningful return whilst mitigating the overall risk to the Group from such activities.

Our full self-assessment will be published online and will be available at: http://www.tvha.co.uk/about/publications

OUR PRINCIPAL RISKS AND HOW THEY ARE MANAGED

The Board received regular risk management reports from the Chief Executive throughout the year. These reports were also considered in detail by the Group Audit and Risk Committee and used to decide the year's internal audit programme undertaken by KPMG LLP which provides further reassurance.

The Internal Control section of this report sets out the Group's overall framework for internal control, setting the context for the identification, control and monitoring of the principal risks faced by the Group.

The principal risks to the Group at this time and how they are mitigated are as follows:

RISK	MITIGATION
Adverse impact of 1% reduction in social housing rents and future growth of rents.	The impact of the 1% rent reduction is budgeted for going forward and accounted for in long term planning.
Governance of and exposure to commercial activities.	Commercial activities are governed as part of the Group and separately together with our partners. The amount of exposure to such activities is defined and capped.
Growth target cannot be met due to worsening property market conditions.	New investment decisions are made in the context of current market conditions which may impact growth and profitability during a market decline.
Compliance with loan covenants.	Loan covenants are comfortably met with adequate and significant headroom for both gearing and interest cover.
Impact of FRS 102 as the new accounting framework for adoption.	FRS 102 has been adopted from 2015/16 (including comparatives) as presented herein.

INTERNAL CONTROL

The Board has adopted and complied with the National Housing Federation's 2015 Code of Governance. The Board has also complied with the National Housing Federation's Code of Conduct and has adopted a revised Board Code of Conduct. The Board has adopted the Voluntary National Housing Federation ("NHF") Code for Mergers, Group Structures and Partnerships and has confirmed its compliance with this Code during the year. The Board has reviewed and approved a Modern Slavery and Human Trafficking Statement which has been published on the TVHA website.

The Board certifies that it is compliant with the Homes & Communities Agency Governance and Financial Viability Standard.

The Board has responsibility for ensuring that a whole system of internal control is established and maintained and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests. In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

Regular management reporting on control issues provides assurance to successive layers of management and to the Board. The arrangements include rigorous procedures, monitored by the Group Audit and Risk Committee, for ensuring that corrective action is taken in relation to any significant control issue.

The internal control framework and risk management process are subject to regular review by Internal Audit who are responsible for providing independent assurance to the Board via the Group Audit and Risk Committee. The Group Audit and Risk Committee considers internal control and risk at its meetings during the year. The internal audit function is externally resourced and reports directly to the Group Audit and Risk Committee. The internal audit programme is linked to the risk identification process.

As part of the system of internal control the Board has a strategy and policy on fraud and bribery covering prevention, detection and reporting and the recovery of assets. The Group has a Money Laundering Officer.

The Board has received the Executive Directors' annual report on internal controls assurance, including arrangements for managing fraud and bribery; the annual review of the effectiveness of the system of internal control from the Group Audit and Risk Committee; and the annual Health & Safety report and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board. No significant failings or weaknesses were identified. No cases of bribery were reported and all instances of fraud were recorded in the fraud and bribery register. There were no incidents of money laundering reported in the year.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- *Identification and evaluation of key risks*

  Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through a regular reporting framework by the Executive, Senior Management Team, Investment Management and Health & Safety Groups which regularly consider reports on significant risks facing the Association. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The Group Audit and Risk Committee has a responsibility to ensure that appropriate disaster recovery and contingency plans are in place and are tested regularly.

- *Monitoring and corrective action*

  A process of control self-assessment and regular management reporting on control issues provides assurance to the management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements. The Group's Audit and Risk Committee has responsibility for reviewing the Association's risk management systems.

  The Policy & Performance team oversees the production of a reporting suite of information which covers key performance indicators used to monitor the business. Performance outcomes are given a traffic light assessment and management responses are formally recorded for required control action.

- *Control environment and control procedures*

  The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Association follows risk-averse policies to shield it from adverse movements in interest rates. The Board disseminates its requirements to all employees through the Thames Valley Housing Group's policies with regard to the quality, integrity and ethics of its employees supported by a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, the requirements of the Bribery Act, fraud prevention, and detection and money laundering. The Group Audit and Risk Committee receives and considers internal audit reports which include recommendations to strengthen the control environment. The Group Audit and Risk Committee receives twice a year a Risk Management Review Report from the Chief Executive. The Board of the Association also receives quarterly Risk Management Review reports. The Group Audit and Risk Committee reviews the proportionality, independence and appropriateness of the Group's whistle blowing policy and follow up action. It also receives a report on the entries in the gifts and hospitality register and any instance of fraud or suspected instances of money laundering.

  The Group Investment Committee considers and makes investment decisions which require Board approval and which fall outside of the Board Meeting cycle. The Group Investment Committee has delegated authority to consider and to approve the funding of projects within approved parameters. Minutes of the Group Investment Committee are reported to the Board.

- *Information and financial reporting systems*

  Financial reporting procedures include a detailed budget for the year ahead with a monthly reporting cycle that identifies variances, and forecasts for subsequent years with a comprehensive Business Plan for the next 30 years. The business Plan incorporates a detailed multivariate stress testing of the financial plan which is reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

STATEMENT OF BOARD RESPONSIBILITIES

The Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year, which gives a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and Applicable Accounting Standards with special regard to the Statement of Recommended Practice; Accounting by Registered Social Housing Providers Update 2010. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

SHARE CAPITAL

The non-executive Board Members of TVHA and TVCHA each hold one fully paid share of £1 in each Association which carries no rights to dividends or other income. The Group Company Secretary and Executive Management hold no interest in the Association's share capital.

AUDITORS

Each of the current Board Members has taken all of the steps that they ought to have taken to make themselves aware of information needed by the Association's auditors for the purpose of their audit and to establish that the auditors are aware of that information. No Member of the Board is aware of any relevant audit information of which the auditors are unaware.

BY ORDER OF THE BOARD

DAVID CLAYTON-SMITH
Chair

Date:

FINANCIAL REVIEW

The financial statements for 2015 and 2016 are presented for the first time under FRS 102 following revision of Financial Reporting Standards in the United Kingdom and Republic of Ireland by the Financial Reporting Council (FRC).

The Group has elected to follow the deemed cost approach on transition in accordance with guidance contained in the Housing Statement of Recommended Practice (SORP). This was applied on a scheme by scheme basis at the date of transition. Housing properties will subsequently be measured at cost less depreciation.

OVERVIEW AND HEADLINE RESULTS

The year has seen a strong financial performance by the Group with a reported surplus of £23m (2015: £49m loss) delivered by an increase in net rental income, shared ownership first tranche sales, staircasing and profits from joint ventures and associates focused on build for sale and market rent.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	2016 £'000	2015 £'000
Turnover	104,036	88,120
Cost Of Sales	(14,934)	(7,666)
Operating Costs	(51,603)	(49,917)
Operating Surplus	**37,499**	**30,537**
Operating Surplus As A Percentage Of Turnover (%)	36%	35%
Surplus On Sale Of Fixed Assets	6,587	4,685
Net Interest Payable	(27,169)	(19,566)
Share In Results Of Joint Ventures And Associates	10,510	2,004
Movements In Fair Value *	(2,871)	(66,800)
Taxation	(1,595)	-
Total Comprehensive Income/(Loss) For The Year	**22,961**	**(49,140)**

* In relation to Financial Instruments and Investment Property

Turnover of £104m increased by £15.9m, 18% over the previous year. Rental and service charge income increased by £4.8m to £73.4m (2015: £68.6m) due to a combination of additional housing units and the annual inflation based rent increases. Low cost home ownership sales increased by £11.2m to £21.4m (2015: £10.2m) helped by both strong demand and a rising market. This was matched by an increase in Cost Of Sales of £7.3m. The generation of commercial profits makes an important contribution to the funding mix which was demonstrated in 2016 with £10.5m of commercial profit.

Operating Costs remained consistent with prior year and as a result an operating surplus of £37.5m was achieved increasing from the previous year by £7.0m.

The Sale Of Fixed Assets delivered a surplus of £6.6m (2015: £4.7m), due to a significant increase in the number of properties staircased in the year which was in excess of 200. Share of profits and losses in joint ventures and associates of £10.5m (2015: £2.0m) increased in the year primarily driven by the advanced stage of private sales schemes in Blackfriars and Slough developed by the Opal joint venture.

Net Interest Payable increased by £7.6m from £19.6m in 2015 to £27.2m in 2016. This was due to increased interest payable on loans drawn during the year from Affordable Housing Finance and refund of interest on MyChoice Homebuy loans (as further detailed in Note 9 to the financial statements). The weighted average cost of borrowing increased to 4.60% in 2016 (2015: 4.39%).

Movement In Fair Value Of Investment Property and Financial Instruments generated a loss of £2.8m in 2016 in comparison to a loss of £66.8m in prior year due to falling interest rates increasing mark to market volatility on LOBO loans as at the end of the prior year.

A taxation expense of £1.6m was recognised in the current year in order to maintain the level of reserves in Thames Valley Housing Association which would otherwise be reduced if all profits were gift aided.

BALANCE SHEET

	2016 £'000	2015 £'000
Housing Properties	1,106,645	1,064,566
Depreciation	(20,251)	(9,759)
Net Housing Properties	**1,086,394**	**1,054,807**
Fixed Asset Investments	23,217	21,974
Investments in Joint Venture and Associates	60,666	57,687
Homebuy Equity Loans	57,930	66,005
Cash	102,777	59,510
Stock	22,440	15,303
Debtors	36,043	74,072
Creditors	(870,597)	(851,181)
Net Assets	**518,870**	**498,177**
Reserves	**518,870**	**498,177**

The total cost of investment in Housing Properties increased by £42.1m in the year to £1,106m which is significantly higher under FRS 102 primarily driven by the release of grant.

New housing stock with a value of £41m was added in the year (2015: £83.3m), with 848 new properties completed and 431 properties under construction at year end.

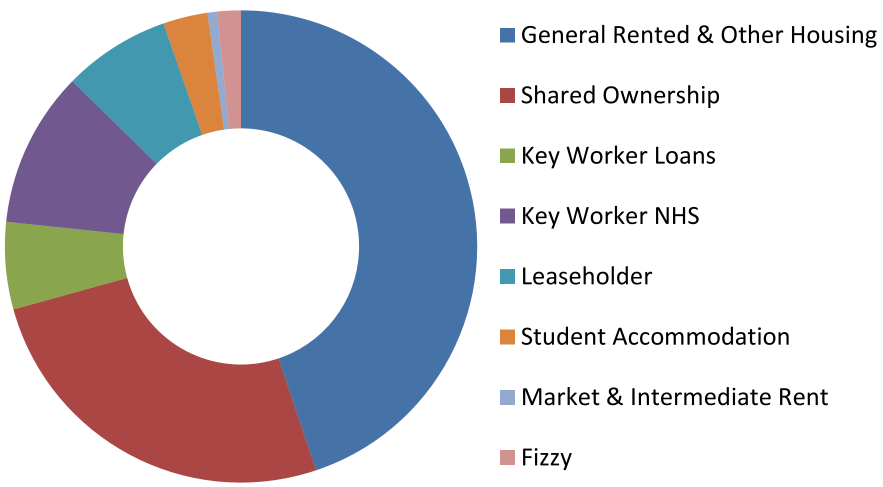
Fixed Asset Investments comprise the Group's student accommodation, investment property and other fixed assets. The £1.2m movement is attributable to additions during the year.

Debtors decreased by £38m due to a cash security of £28m recognised as an investment in the prior year, now recognised as cash on deposit.

Creditors increased by £19.4m to £870.6m (2015: £851.2m). The majority of this increase relates to three more finance leases in place for Woking PFI (Evolution). Four in total have now been recognised with the fifth and final lease expected to hand over in financial year 2017. The Recycled Capital Grant Fund (RCGF) has increased by £8.6m driven by the volume of shared ownership properties staircasing and there is a tax liability of £1.6m in the current year.

HOUSING ASSETS

The Group owns, manages or administers 15,210 homes in total.



CASH FLOW
A summary of the cash flow for the year is set out in the table below.

	2016 £'000	2015 £'000
Operating Cash flow	76,653	(18,186)
Net Interest Paid	(21,680)	(20,816)
Property Sales	24,910	26,382
Housing Properties	(48,974)	(78,742)
Social Housing Grant Received	5,032	1,286
Other	16,665	17,372
Loans Received		93,655
Loans Repaid	(9,339)	(3,004)
Increase in Cash	**43,267**	**17,947**

Operating cash flow increased by £91.6m from higher sales and lower development expenditure than expected. Overall, cash increased by £43.3m.

TREASURY
The Group is financed by a combination of revenue reserves, long-term loan facilities and social housing grant received either directly from Government or from Recycled Capital Grant Fund.

Group priorities are to ensure that there is sufficient cash and liquidity to fund operations in accordance with the Treasury Policy, to protect against the impact of adverse movements in interest rates, to ensure loan covenants are comfortably met and to prioritise the preservation of capital over financial returns when making investment decisions.

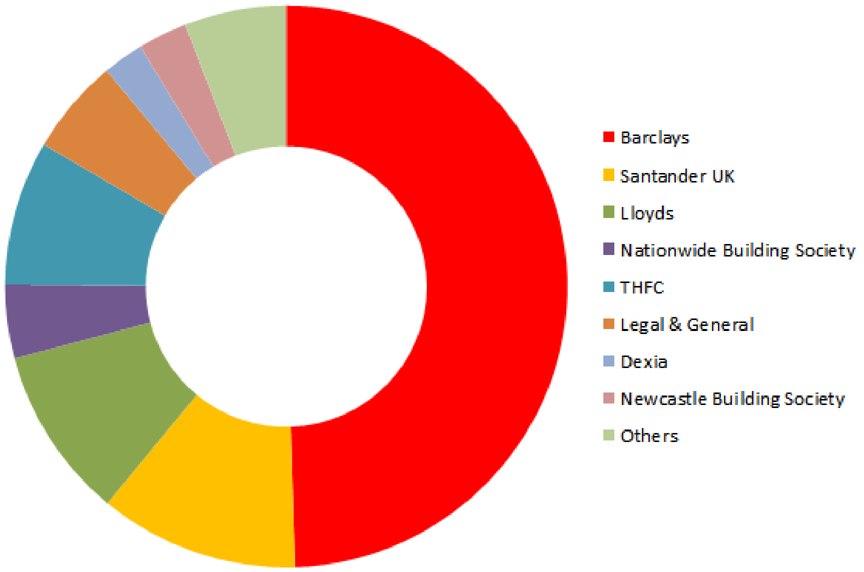
LOAN STRUCTURE
At 31 March 2016 drawn loans totalled £571.9m, with undrawn revolving credit facilities of £30m. Drawn loan facilities include £22.9m of funding drawn for which cash is held as secured deposits. The undrawn revolving credit facilities are fully secured and available for drawing. Cash held by the Group at the year-end totalled £102.8m (£37.2m in Thames Valley Housing Association, £65m in Thames Valley Charitable Housing Association and £0.6m in other group subsidiaries), leaving net debt for the Group at £460.8m (2015: £513.4m). The fair value of financial instruments held as a creditor as at the year end was £136.7m.

During the year, the Group completed a partial restructure of £75m of the total £135m Barclays Lender Option Borrower Option (LOBO) loans in order to reduce mark to market volatility. Subsequent to the year end, the LOBO optionality on the remaining £65m has been removed following notification from Barclays which further reduces mark to market volatility.

TREASURY AND BALANCE SHEET
All existing debt and loan facilities are held with Thames Valley Charitable Housing Association with the exception of a £40m nominal loan with Legal and General which is held with Thames Valley Housing Association.

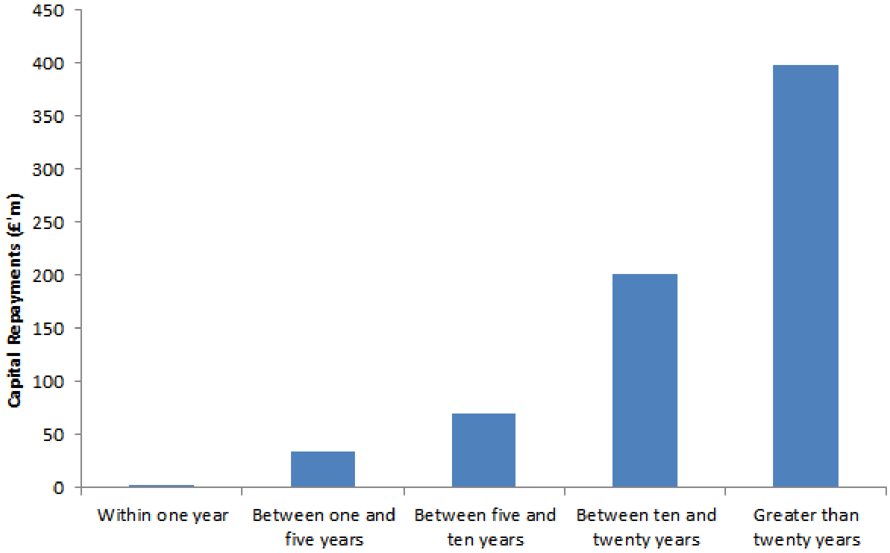
The Group has capacity to fund its development programme and will continue to develop shared ownership and invest in other affordable housing for the foreseeable future. This is expected to be financed through a combination of operating cash flow and new borrowing.

TOTAL DRAWN LOANS OF THAMES VALLEY HOUSING ASSOCIATION GROUP BY LENDER
Barclays Bank is the main lender to Thames Valley Housing Association Group with drawn loans reported on a FRS 102 basis totalling £349.7m. The remaining loan finance debt has been provided by various banks and building societies and the European Investment Bank through The Housing Finance Corporation.


Barclays
Santander UK
Lloyds
Nationwide Building Society
THFC
Legal & General
Dexia
Newcastle Building Society
Others

DEBT REPAYMENT PROFILE

The weighted average duration of drawn debt for the Group is 21 years. The treasury strategy ensures that the Group does not have to refinance material amounts of debt in any one year so that capital repayments as a percentage of total committed facilities in any one year are not more than 10%. An analysis of the capital repayment profile is shown below:



CASH AND LIQUIDITY MANAGEMENT

The Group maintained significant cash balances throughout the year to provide adequate and on-going funding for the development programme. The Group's cash management strategy is to hold cash equivalent to six months' net cash requirement (and cash and liquidity for eighteen months' net cash requirement). Cash balances during the year were held in short term deposit accounts and AAA rated money market funds.

CURRENCY RISK

The Group borrows and invests surplus cash in sterling and therefore does not have currency risk in its normal course of business.

COUNTERPARTY RISK

The Group operates a conservative counterparty risk management strategy that aims to minimise the risk of a financial loss, reputational loss or liquidity exposure resulting from a counterparty to any treasury transaction becoming insolvent. As at 31 March 2016 all cash investments were held with counterparties who meet the criteria of the Group's treasury policy, and are rated A-2 and above by Standard and Poor's Ratings.

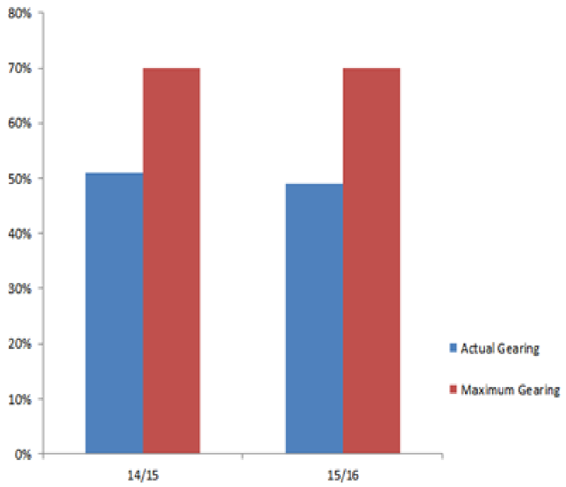
INTEREST RATE MANAGEMENT

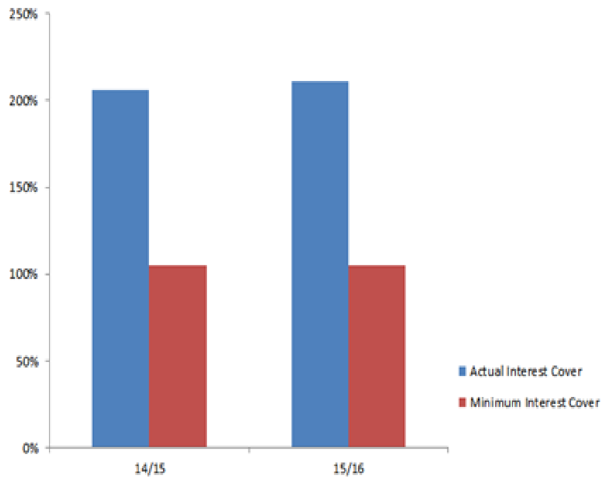
At the financial year end, 89% of debt was fixed (2015: 83%). The fixed percentage is forecast to reduce to 88% by April 2017. The Group has no exposure to derivative margin calls. The weighted average cost of borrowing in the year for the Group was 4.60% (2015: 4.39%).

LOAN COVENANT COMPLIANCE

There are no Group-wide loan covenant requirements. Covenants relate to specific loans for TVCHA and TVHA.

Compliance with financial covenants are monitored on a monthly basis, reported to the Board quarterly and were comfortably met throughout the year and at the year end for all loan facilities. At the year end compliance was as follows:





SURPLUS ASSETS FOR FUTURE DEBT SECURITY

There are currently 1,471 unsecured completed housing properties in Thames Valley Charitable Housing Association available for charging as security for new debt facilities (of which 840 are already charged to Prudential Trustee Company Ltd). This is sufficient to secure an additional £128m of future new debt on the basis of an asset cover ratio of 125%. Over the next three years circa 1,097 new properties from the current affordable development programme are expected to complete (which are expected to be funded by existing secured debt). These properties will be surplus security available for charging in the future.

FUTURE FUNDING OPTIONS

At 31 March 2016, £132.7m (2015: £84.4m) of finance was available to the Group, comprising of £30m undrawn revolving credit facilities (2015: £25m) and £102.7m of cash (2015: £59.5m). This provides sufficient funding over the next 18 months for all committed developments.

GOING CONCERN

The Board is satisfied that no material or significant exposures exist other than as reflected in these financial statements and that the Group has adequate resources to continue operations for the foreseeable future. For this reason the going concern basis has continued to be used in preparing the financial statements.

TO THE MEMBERS OF THAMES VALLEY HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Thames Valley Housing Association Limited for the year ended 31 March 2016 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BOARD AND AUDITORS

As explained more fully in the Statement of Board Member Responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2016 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP, statutory auditor
London
United Kingdom
Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
TURNOVER	3	**104,036**	**88,120**	**71,636**	**46,772**
Cost Of Sales	3	(14,934)	(7,666)	(32,250)	(19,181)
Operating Costs	3	(51,603)	(49,917)	(23,455)	(25,005)
OPERATING SURPLUS		**37,499**	**30,537**	**15,931**	**2,586**
Surplus On Sale Of Fixed Assets	5	6,587	4,685	472	377
Share Of Profits Of Joint Ventures	13	10,421	2,016	-	-
Share Of Profit/(Losses) of Associates	13	89	(12)	-	-
Interest Receivable	8	2,063	2,501	2,119	1,473
Interest Payable	9	(29,232)	(22,067)	(2,515)	(1,832)
Movement In Fair Value Of Financial Instruments	21	(5,835)	(68,688)	(9)	19
Movement In Fair Value Of Investment Properties	15	(945)	(2,170)	(952)	4
Movement In Fair Value Of Fixed Asset Investments	13	3,909	4,058	-	-
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES	10	**24,556**	**(49,140)**	**15,046**	**2,627**
Charitable Donation Paid	31	-	-	(13,875)	(7,494)
SURPLUS/(DEFICIT) BEFORE TAXATION		**24,556**	**(49,140)**	**1,171**	**(4,867)**
TAXATION ON SURPLUS/(DEFICIT)	11	(1,595)	-	(1,595)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**22,961**	**(49,140)**	**(424)**	**(4,867)**

STATEMENT OF CHANGES IN EQUITY	Revenue Reserve £'000	Revaluation Reserve £'000	Total 2016 £'000	Total 2015 £'000
GROUP				
At 1 April	281,268	216,909	498,177	549,094
Surplus/(Deficit) For The Year	22,961	(2,268)	20,693	(49,140)
Movement in Reserves	-	-	-	(1,777)
At 31 March	**304,229**	**214,641**	**518,870**	**498,177**
ASSOCIATION				
At 1 April	93,165	1,825	94,990	99,857
Surplus/(Deficit) For The Year	(424)	-	(424)	(4,867)
Movement in Reserves	-	(17)	(17)	-
At 31 March	**92,741**	**1,808**	**94,549**	**94,990**

All activities relate to continuing operations.

The notes on pages 32 to 68 form part of these financial statements.

		Group		Association	
	Note	2016 £'000	2015 £'000	2016 £'000	2015 £'000
FIXED ASSETS					
Housing Properties At Cost	12	1,106,645	1,064,566	118,420	87,865
Depreciation	12	(20,251)	(9,759)	(3,926)	(1,781)
		1,086,394	1,054,807	114,494	86,084
Fixed Asset Investments – Joint Ventures	13	26,475	27,494	-	-
Fixed Asset Investments – Associates	13	34,191	30,193	-	-
Other Fixed Assets	15	23,217	21,974	8,580	7,583
Homebuy Equity Loans Advanced	16	57,930	66,005	-	-
		1,228,207	1,200,473	123,074	93,667
CURRENT ASSETS					
Stock	17	22,440	15,303	77,303	59,523
Debtors:					
Amounts Receivable Within One Year	18	28,577	66,385	58,561	58,392
Amounts Receivable After One Year	18	7,466	7,687	23,359	7,687
Cash At Bank And In Hand		102,777	59,510	37,228	27,936
		161,260	148,885	196,451	153,538
CREDITORS					
Amounts Falling Due Within One Year	19	(53,263)	(43,390)	(141,147)	(91,562)
NET CURRENT ASSETS		107,997	105,495	55,304	61,976
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,336,204**	**1,305,968**	**178,378**	**155,643**
CREDITORS					
Amounts Falling Due After More Than One Year	19	817,334	807,791	83,829	60,653
CAPITAL AND RESERVES					
Non-Equity Share Capital	25	-	-	-	-
Revenue Reserve		304,229	281,268	92,741	93,165
Revaluation Reserve		214,641	216,909	1,808	1,825
		1,336,204	**1,305,968**	**178,378**	**155,643**

These financial statements were approved and authorised for issue by the Board on ______ 2016 and signed on its behalf by:

DAVID CLAYTON-SMITH
Chair

BRIAN HENDON
Chair, Group Audit & Risk Committee

JULIAN TURNER
Finance Director

PATRICIA ETTER
Group Company Secretary

The notes on pages 32 to 68 form part of these financial statements

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	26		76,653		(18,186)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest Received		2,063		2,244	
Interest Paid		(23,743)		(23,060)	
			(21,680)		(20,816)
			54,973		(39,002)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Proceeds From Sales Of Housing Properties		24,910		26,382	
Construction And Purchase Of Housing Properties		(48,974)		(78,742)	
Reduction Of Fixed Assets Investment		-		6,786	
Purchase Of Other Fixed Assets		(2,849)		(2,236)	
Disposal Of Other Fixed Assets		-		16	
Social Housing Grant Received		5,032		1,286	
Homebuy Loans Advanced		(103)		(1)	
Homebuy Loans Redeemed		8,177		8,807	
Investment In Joint Ventures		11,440		4,000	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(2,367)		(33,702)
CASH OUTFLOW BEFORE FINANCING			52,606		(72,704)
FINANCING					
Loans Received		-		93,655	
Loans Repaid		(9,339)		(3,004)	
NET CASH INFLOW FROM FINANCING	26		(9,339)		90,651
INCREASE IN CASH IN THE YEAR	26		**43,267**		**17,947**

The notes on pages 32 to 68 form part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Thames Valley Housing Association Limited includes the following;

- The Co-operative and Community Benefit Societies Act 2014 (and related group regulations).
- The Housing and Regeneration Act 2008.
- The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102).
- The Accounting Direction for Private Registered Providers of Social Housing 2015.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2012. Thames Valley Housing Association transitioned from UK GAAP to FRS 102 as at 1 April 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMENTS
Changes to the accounting policies have been made in order to comply with FRS 102. These changes have been applied retrospectively to the accounts with the net effects recognised in the Balance Sheet as an adjustment to Reserves. Information about the impact of these changes is provided in Note 36.

BASIS OF CONSOLIDATION
The Consolidated Financial Statements have been prepared in accordance with FRS 102 "Consolidated and Separate Financial Statements". The financial statements present the results of Thames Valley Housing Association Limited and its subsidiary undertakings as listed in Note 13 as if they formed a single entity. Intercompany transactions and balances between group companies are eliminated in full.

JOINT VENTURES AND ASSOCIATES
The Group has entered into joint ventures with Galliford Try and Evolution Ltd and has set up Jointly Controlled Entities to carry out economic activity for the benefit of both partners. The Group has also invested in Fizzy Enterprises LLP which is an associate and in which it exercises significant influence over its operating and financial policy decisions.

In the Group accounts, interests in joint ventures and associates are accounted for using the gross equity method. The Consolidated Statement of Comprehensive Income includes the Group's share of the joint ventures' and associate's profit after tax for the year, whether or not the associate or joint venture has distributed profits as dividends and the Group's share of movement in Fair Value. In the Consolidated Balance Sheet, the investment is shown at cost, adjusted each year by the share of retained profits and share of movement in Fair Value. In the individual association accounts, TVH's loans to Joint Ventures are disclosed as debtors on the Balance Sheet and interest receivable and dividends received are disclosed as interest receivable and turnover respectively in the Statement of Comprehensive Income.

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
In the individual accounts of Thames Valley Housing Association Limited investments in subsidiaries, joint ventures and associates are shown at cost (less accumulated impairment).

TURNOVER
Turnover is measured at the fair value of the consideration received or receivable. Turnover is generated from the following:

- Rental income receivable (after deducting rent from void properties available for letting),
- First tranche sales of low cost home ownership housing properties developed for sale,
- Service charges receivable,
- Income from Homebuy activities,
- Revenue grants and proceeds from the sale of land and property.

HOUSING PROPERTIES
Housing properties in the course of construction are stated at cost and included in fixed assets. Properties under construction are transferred to completed housing properties when they are available for letting.

If housing properties are being developed on behalf of other associations outside the Group under agency arrangements, the costs concerned are dealt with under current assets as properties held for resale.

In adopting FRS 102, the group has elected to measure housing properties at deemed cost on transition to the new standard. This was applied on a scheme by scheme basis from the date of transition. Housing properties will subsequently be measured at cost less depreciation.

Separate disclosure of a valuation of the housing properties based on Existing Use Value for Social Housing (EUV-SH) and Market Value (MV) is also provided in Note 12.

Housing properties are subject to an annual impairment review. This has been carried out on a scheme by scheme basis in accordance with the way these properties are managed. If housing properties have suffered impairment, the fall in value to the recoverable amount is recognised in the Statement of Comprehensive Income.

DEPRECIATION OF HOUSING PROPERTY
Housing properties have been split between their land and structure costs and a specific set of major components which require periodic replacement. The costs of replacement or refurbishment of such components are capitalised and depreciated over the estimated useful economic lives of the components (excluding land and grant) at the following rates:

Kitchens	20 years	Boilers	15 years
Bathrooms	30 years	Windows	30 years
Electrics and Plumbing	30 years	Roofs	80 years
Doors	40 years	Common parts	25 years
Lifts	20 years	Structure	125 years

Components for key worker and Woking Private Finance Initiative (PFI) properties are depreciated in accordance with lifecycles specific to the contractual obligations.

DEPRECIATION OF OTHER FIXED ASSETS
Other fixed asset depreciation is charged on a straight-line basis over the expected useful economic lives of the assets to write off the cost less estimated residual values at the following annual rates:

Office furniture and equipment	25%
Computer Hardware	33%
Computer Software	14%
Key workers and Student Accommodation furnishing and equipment	25%
Leasehold Improvements	Over the lease period

SHARED OWNERSHIP PROPERTIES
Under Shared Ownership arrangements, the Group disposes of a long lease to the occupier. The lease premium paid is typically between 25% and 75% of the value. The occupier has the right to purchase further proportions up to 100%. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties held for rental.

Proceeds of first tranche sales are accounted for as turnover in the Statement of Comprehensive Income, with the apportioned cost being shown as cost of sales within operating results. The proceeds of subsequent tranches sold ("staircasing") are reflected in the Statement of Comprehensive Income as a surplus or deficit on sale of fixed asset housing properties.

Shared ownership properties are not depreciated in the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

MARKET RENTED PROPERTIES
Market rented properties held as investments are revalued annually. Any excess deficit over cost is realised through the statement of comprehensive income to the extent that this represents a permanent diminution in value of the property. No depreciation is provided in respect of market rented properties.

PRE-CONTRACT COSTS
Pre-contract costs are recognised as an asset only if they are directly attributable to specific contracts, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

GOVERNMENT GRANTS
Government grants are paid by the Homes and Communities Agency (HCA) or Greater London Authority (GLA) to subsidise the cost of housing properties.

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income in the year it was receivable and is therefore included within brought forward reserves within the Balance Sheet.

Grants received since transition date in relation to newly acquired or existing housing properties are accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grants are recognised as deferred income in the Balance Sheet and released to the Comprehensive Income Statement on a systematic basis over the useful economic lives of the asset.

Grants are repayable or recycled unless formally abated. Grants are recycled on disposal of a property and are credited to a Recycled Capital Grant Fund until they are reinvested in a replacement property. The Recycled Capital Grant Fund is included as a creditor due within one year or due after more than one year, as appropriate. If the Recycled Capital Grant Fund is not used within a three year period then in principle it becomes repayable.

Grants which are received in advance of development costs being incurred are shown as current liabilities.

Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

HOMEBUY EQUITY LOANS AND RELATED GRANTS
Loans advanced by the Group are disclosed in the fixed asset section of the Balance Sheet.

Grants relating to Homebuy Equity are recognised as a liability in full until the loan is redeemed and the grant is transferred to Recycled Capital Grant Fund.

The Association has advanced two types of Homebuy Equity Loans; “Open Market Homebuy” and “MyChoice Homebuy”. Under Open Market Homebuy the Group received grants representing a percentage of the open market purchase price of a property in order to advance interest free loans (concessionary loan) of the same amount to a homebuyer. The homebuyer met the balance of the purchase price from a combination of personal mortgage and their own resources. Under MyChoice Homebuy the Association also issued a loan representing a percentage of the open market purchase price of the properties. 50% of this loan is funded from the Association’s own resources and the balance is funded by grant.

In the event that the property is sold, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Group is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property, the shortfall of proceeds is offset against the grant. In the case of Open Market Homebuy, the Group can suffer no capital loss whereas in the case of MyChoice Homebuy, the Group could incur a loss if the shortfall exceeds the abated grant.

LOANS, INVESTMENTS AND SHORT TERM DEPOSITS
The majority of loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. All new loans subsequent to transition to FRS 102 have been measured on an amortised cost basis. Other (non basic) financial instruments are measured at fair value in accordance with FRS 102.

FINANCE COSTS
Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance costs are capitalised in housing properties under construction up to the date of practical completion using a weighted average cost of borrowing.

INVESTMENT PROPERTIES
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business.

Investment properties are initially recognised at cost or the lower of cost and present value of lease payment if the property is under lease. Investment properties are subsequently measured at fair value annually by external valuers at each reporting date with changes in fair value recognised in the Statement of Comprehensive Income.

STOCK AND WORK IN PROGRESS
Under Right to Buy and Right to Acquire arrangements the Group sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the Statement of Comprehensive Income.

Where properties have been developed on behalf of subsidiary undertakings, these assets are shown within stock and work in progress in the Association's financial statements.

Stock and work in progress is stated at the lower of cost and net realisable value (NRV). NRV is based on the actual or estimated selling price less all further costs to completion and to be incurred in marketing, selling and distribution. Assessing NRV requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts of future sales activity.

In respect of Low Cost Home Ownership properties the cost figure shown within stock and work in progress is that apportioned to the first tranche sales element of the asset, based initially on scheme appraisals and updated where appropriate.

LAND
Where land has been acquired it is accounted for either as a fixed asset under property, land and equipment (where land is acquired for social housing purpose) or as an investment property (where land is acquired for other purposes) and measured initially at the cost of the land and subsequently at fair value with surpluses of deficits recognised in the Statement of Comprehensive Income.

TAXATION
The charge for taxation is based on the surplus for the year and takes into account deferred taxation.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

VAT
A large proportion of the Group's turnover comprises rental income which is exempt for VAT purposes and gives rise to a partial exemption claim. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income and is included in Note 3, Other Social Housing Activities.

RECYCLED CAPITAL GRANT FUND AND DISPOSAL PROCEEDS FUND
Following certain relevant events, primarily the sale of dwellings, the HCA can direct the Group to recycle grant or to repay the recoverable capital grant back to the HCA. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund where it can remain for up to three years. Where the sale of dwellings arises under the Right to Acquire, the proceeds after deducting appropriate costs are credited to a Disposal Proceeds Fund, where it can remain for up to three years. These funds are included as creditors due within one year or due after more than one year as appropriate to the circumstances.

PENSION COSTS
The Group participates in two funded industry-wide multi-employer schemes; The Social Housing Pension Scheme and The Growth Plan which are defined benefit pension schemes. The Group also offers employee a defined contribution scheme within The Social Housing Pension Scheme.

The defined benefit pension schemes are accounted for as a defined contribution scheme due to insufficient information available from the actuary to account for them as defined benefit. Contributions made toward the schemes are charged to the Statement of Comprehensive Income in the year which they become payable. Contributions to the Group's defined contribution scheme are charged to the Statement of Comprehensive Income in the year which they become payable.

For the Group's defined benefit schemes, the present value of the contractual commitments to fund the past pension deficit are recognised as a liability on the Balance sheet at the present value, using the corporate bond rate as an appropriate discount rate. The discount is unwound annually with the unwinding effect charged to the Statement of Comprehensive Income as a pension interest.

PROVISIONS
The Group only provides for legal or contractual liabilities and constructive obligations which exist at the Balance Sheet date. The provisions are assessed at each Balance Sheet date in order to ensure that they are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation.

LEASED ASSETS
Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Leasing agreements that transfer to the Group substantially all of the benefits and risks of ownership of an asset are treated as finance leases and are capitalised as if they had been purchased outright within fixed assets. The asset and corresponding lease liability are initially recognised at the present value of the minimum lease payments. Subsequently, the finance lease liability is carried at amortised cost using the 'effective interest method', which allocates the interest expense over the period to maturity at a constant rate on the balance of the liability. The finance lease asset is depreciated in accordance with fixed asset depreciation policy.

LEASEHOLD SINKING FUNDS
Unexpended amounts collected from leaseholders for major repairs on leasehold schemes are included in creditors.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the group's housing and investment assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost.

- The critical underlying assumptions in relation to the estimate of the defined benefit pension scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

- Whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- Fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
  For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations are disclosed in Note 12.

- The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING RESULTS – GROUP

	2016				2015			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings (Note 4)	73,412	-	(39,082)	34,330	68,647	-	(40,133)	28,514
First Tranche Low Cost Home Ownership Sales	21,449	(14,934)	-	6,515	10,163	(7,666)	-	2,497
Income From Homebuy Activities	2,719	-	-	2,719	2,381	-	-	2,381
Right To Buy Leaseholder Activities	334	-	(818)	(484)	323	-	(48)	275
Income From Student Accommodation	2,185	-	(702)	1,483	2,106	-	(583)	1,523
Group Operating And Policy Costs	-	-	(5,696)	(5,696)	-	-	(5,345)	(5,345)
Property Development Costs	-	-	(897)	(897)	-	-	(423)	(423)
Other Social Housing Activities	2,530	-	(1,130)	1,400	3,461	-	(540)	2,921
Non Social Housing Activities	1,407	-	(3,278)	(1,871)	1,039	-	(2,845)	(1,806)
	104,036	**(14,934)**	**(51,603)**	**37,499**	**88,120**	**(7,666)**	**(49,917)**	**30,537**

Other Social Housing Activities includes Government Grant taken to income of £53k (2015: £45k).

3. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING RESULTS – ASSOCIATION

	2016				2015			
	Turnover	**Cost of Sales**	**Operating Costs**	**Operating Surplus**	**Turnover**	**Cost of Sales**	**Operating Costs**	**Operating Surplus**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Social Housing Lettings (Note 4)	9,169	-	(4,619)	4,550	7,722	-	(8,573)	(851)
First Tranche Low Cost Home Ownership Sales	21,319	(14,820)	-	6,499	10,163	(7,666)	-	2,497
Low Cost Home Ownership Sales	19,083	(17,360)	-	1,723	8,010	(8,004)	-	6
Outright Sales	-	(70)	-	(70)	3,890	(3,511)	-	379
Group Operating And Policy Costs	-	-	(2,399)	(2,399)	-	-	(2,661)	(2,661)
Development Services To Subsidiary	1,550	-	(1,550)	-	1,599	-	(1,599)	-
Property Development Costs	-	-	(897)	(897)	-	-	(423)	(423)
Other Social Housing Activities	12,665	-	(12,026)	639	11,944	-	(10,342)	1,602
Non-Social Housing Activities	7,850	-	(1,964)	5,886	3,444	-	(1,407)	2,037
	71,636	**(32,250)**	**(23,455)**	**15,931**	**46,772**	**(19,181)**	**(25,005)**	**2,586**

Other Social Housing Activities includes Government Grant taken to income of £21k (2015: £4k).

Non-social housing activities includes £7,038k (2015: £3,000k) dividend distribution from joint ventures (Note 31).

4. INCOME FROM AND EXPENDITURE ON SOCIAL HOUSING LETTINGS – GROUP

	Rented Properties	Low Cost Home Ownership	Key Worker Accommodation	Supported Housing	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Rents Receivable	38,182	17,675	6,916	97	62,870	58,158
Service Charges Receivable	2,721	4,384	3,424	13	10,542	10,489
NET RENTAL INCOME	**40,903**	**22,059**	**10,340**	**110**	**73,412**	**68,647**
EXPENDITURE ON SOCIAL HOUSING LETTINGS						
Management	3,452	808	994	1	5,255	4,946
Services	5,418	3,954	2,038	9	11,419	11,276
Routine Maintenance	6,556	1,023	725	11	8,315	6,755
Gas Servicing	1,064	139	115	-	1,318	1,332
Major Repairs Expenditure	1,309	333	630	18	2,290	1,251
Bad Debts Provision	392	293	161	8	854	(1,126)
Latent Defects	-	(69)	(1,472)	-	(1,541)	4,519
Depreciation Of Housing Properties	7,604	335	2,642	67	10,648	10,199
Impairment Provision	-	-	-	-	-	359
Other Costs	416	12	96	-	524	622
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	**26,211**	**6,828**	**5,929**	**114**	**39,082**	**40,133**
OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS	**14,692**	**15,231**	**4,411**	**(4)**	**34,330**	**28,514**
Void Losses	237	6	98	-	341	200
EXPENDITURE TO WORKS ON HOUSING PROPERTIES						
Amounts Expensed To The Statement of Comprehensive Income					2,290	1,251
Amounts Capitalised In Fixed Asset Housing Properties					16,450	4,296
					18,740	**5,547**

4. INCOME FROM AND EXPENDITURE ON SOCIAL HOUSING LETTINGS – ASSOCIATION

	Rented Properties £'000	Low Cost Home Ownership £'000	Key Worker Accommodation £'000	Total 2016 £'000	Total 2015 £'000
Rents Receivable	1,241	1,458	3,858	6,557	5,320
Service Charges Receivable	107	400	2,105	2,612	2,402
NET RENTAL INCOME	**1,348**	**1,858**	**5,963**	**9,169**	**7,722**
EXPENDITURE ON SOCIAL HOUSING LETTINGS					
Management	179	73	559	811	631
Services	269	320	1,212	1,801	1,464
Routine Maintenance	100	58	389	547	480
Major Repairs Expenditure	8	26	395	429	173
Bad Debts Provision	11	-	29	40	(22)
Depreciation Of Housing Properties	184	-	1,781	1,965	2,030
Impairment Provision	-	-	-	-	359
Other Costs	162	-	-	162	255
Latent Defects	-	(7)	(1,129)	(1,136)	3,203
OPERATING COSTS ON SOCIAL HOUSING LETTINGS	**913**	**470**	**3,236**	**4,619**	**8,573**
OPERATING SURPLUS/(DEFECIT) ON SOCIAL HOUSING LETTINGS	**435**	**1,388**	**2,727**	**4,550**	**(851)**
Void Losses	67	(8)	13	72	20
EXPENDITURE TO WORKS ON HOUSING PROPERTIES					
Amounts Expensed To The Statement of Comprehensive Income				429	173
Amounts Capitalised In Fixed Asset Housing Properties				14,064	22
				14,493	**195**

5. SURPLUS ON SALE OF FIXED ASSETS

GROUP	2016 £'000	2015 £'000
COMPLETED HOUSING PROPERTIES		
Proceeds On Sale Of Housing Property Assets	25,671	27,177
Costs Of Sale Of Housing Property Assets	(18,188)	(21,259)
Abated Grant	(97)	(414)
Incidental Selling Costs And Attributable Overheads	(799)	(819)
SURPLUS ON SALE OF FIXED ASSETS	**6,587**	**4,685**

ASSOCIATION	2016 £'000	2015 £'000
COMPLETED HOUSING PROPERTIES		
Proceeds On Sale Of Housing Property Assets	1,702	2,100
Attributable Net Book Value Of Housing Property Assets	(1,196)	(1,649)
Abated Grant	-	(51)
Incidental Selling Costs And Attributable Overheads	(34)	(23)
SURPLUS ON SALE OF FIXED ASSETS	**472**	**377**

6. DIRECTORS' REMUNERATION AND EXPENSES – GROUP AND ASSOCIATION

For the purpose of this note, the Directors are the Board Members and the Executive Management as shown on pages 3 to 5.

	2016 £'000	2015 £'000
Aggregate Emoluments Payable To The Executive Management	831	791
Pension Contribution	85	66
Benefits In Kind	6	8
Aggregate Emoluments And Expenses Payable To The Non-Executive Directors:		
Group	69	70
Association	69	70
Emoluments Payable To The Highest Paid Director Were As Follows:		
Salary	193	187
Pension Contribution	24	24
Benefits In Kind	1	1

The Chief Executive is a member of the SHPS Pension Scheme and no special arrangements apply. No further contributions are made in respect of any other pension arrangements of the Chief Executive.

	2016 £'000	2015 £'000
Total Expenses Reimbursed To The Directors Not Chargeable To United Kingdom Income Tax:		
Group	16	8
Association	16	8

INDIVIDUAL EMOLUMENTS PAID TO THE NON-EXECUTIVE DIRECTORS

THAMES VALLEY HOUSING ASSOCIATION LIMITED	**2016**	**2015**
	£	**£**
CURRENT BOARD MEMBERS		
David Clayton Smith	20,000	15,000
Ben Denton	10,000	7,338
Emma Cariaga	8,500	8,500
Brian Hendon	8,500	8,500
Kathryn Davis	8,500	4,125
Paul Bridge	4,250	2,800
Grainia Long	5,063	-
PAST BOARD MEMBERS		
Steve McAllister	2,458	2,000
Ken Robinson	2,000	2,000
Frank Nelson	-	8,500
Peter Williams	-	4,474
John Garrity	-	4,000
David Smith	-	2,172
Maggie Rafalowicz	-	1,375

Non-Executive Directors remuneration constituted less than 0.1% of Group turnover.

7. EMPLOYEE INFORMATION

The average number of employees (including the Executive Management) of the Group during the year expressed in full time equivalents based on a standard 35 hour working week was:

	2016	**2015**
	Number	**Number**
Employees	248	240

EMPLOYEE COSTS (FOR THE ABOVE PERSONS)	**£'000**	**£'000**
Wages And Salaries	10,922	9,434
Social Security Costs	1,001	918
Pension Costs (See Note 26)	2,545	867
	14,468	**11,219**
Capitalised Salaries	(370)	(348)
	14,098	**10,871**

During the year £81k was paid to 9 employees as termination and redundancy payments.

Higher Paid Employees
The full time equivalent number of staff whose remuneration, including pension contributions, fell within each band of £10,000 from £60,000 upwards was:

£	2016 Number	2015 Number
240,001 – 250,000	1	-
230,001 – 240,000	-	-
220,001 – 230,000	-	-
210,001 – 220,000	-	2
200,001 – 210,000	1	-
190,001 – 200,000	-	-
180,001 – 190,000	-	-
170,001 – 180,000	1	-
160,001 – 170,000	1	1
150,001 – 160,000	-	-
140,001 – 150,000	-	2
130,001 – 140,000	1	-
120,001 – 130,000	1	-
110,001 – 120,000	4	2
100,001 – 110,000	4	2
90,001 – 100,000	2	4
80,001 – 90,000	6	5
70,001 – 80,000	3	6
60,000 – 70,000	12	10
	37	34

8. INTEREST RECEIVABLE

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Interest Receivable On Bank Deposits	510	256	95	52
Interest Receivable From Subsidiaries	-	-	1,232	1,421
Interest Receivable From Joint Ventures	1,099	885	792	-
Interest Receivable From Associates	454	762	-	-
Other Interest Receivable	-	598	-	-
	2,063	**2,501**	**2,119**	**1,473**

9. INTEREST PAYABLE

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
On Bank Loans, Overdrafts And Other Loans				
Repayable Wholly Or Partly In More Than 5 Years	26,578	22,976	2,558	120
Interest Payable To Subsidiary Undertaking	-	-	-	2,298
My Choice Homebuy Interest Repayment	3,173	-	-	-
Interest Expense	107	176	108	175
Interest Payable and Accrued to the Recycled Capital Grant				
Fund and Disposal Proceeds Fund	181	130	61	22
	30,039	23,282	2,727	2,615
Less: Interest Capitalised In Housing Property Costs	(807)	(1,215)	(212)	(783)
	29,232	**22,067**	**2,515**	**1,832**

Interest is capitalised at a weighted average rate of 4.60% (2015: 4.39%) on the Group borrowing portfolio.

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Interest Repayment				
My Choice Homebuy Interest Repayment	3,173	-	-	-

The Association has offered subsidised loans to customers to purchase properties through the MyChoice Homebuy scheme, which was set up in 2008. The loans were primarily funded by Social Housing Grant. The Association was a member of a consortium of eight housing associations all of which operated MyChoice Homebuy in a similar manner. Under the terms of the Consumer Credit Act 1974, the Association corresponds with those borrowing and provides a suite of notices and statements which are required to be in a form specified in the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 2007.

In the event that the notices and statements are not substantially in the prescribed form, amongst other effects, any interest payable on a customer's account is no longer payable for as long as the notices and statements are non-compliant. During the year the consortium were advised that these notices and statements had not been compliant and therefore interest had not been validly charged in previous periods. Customers affected have been advised and the non-compliance has been rectified with effect from 30 November 2015. Refunds of interest have been made to customers from whom interest was collected with a total cost of £3,173k recorded as interest payable and reducing surplus by this amount for the year to 31 March 2016.

10. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

		Group		Association	
		2016	**2015**	**2016**	**2015**
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Is Stated After Charging:					
Depreciation	12, 15	12,166	12,127	3,532	3,237
Operating Lease Charges:					
Land And Buildings		947	941	947	941
Other		179	170	179	170
Auditor's Remuneration:					
In their Capacity As External Auditors		54	55	27	27
In Respect Of Other Services:					
Service Charge Audit Fees		74	73	-	-
Tax Advice		62	66	62	66

Auditor's remuneration is exclusive of VAT and related expenses.

11. TAXATION

Direct charge to corporation tax arises on the results for the year of £1,595k (2015: £nil).

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Surplus/(Deficit) Per Accounts	24,556	(3,126)	1,171	20,313
Tax On Surplus/(Deficit) At Standard Rate Of Corporation Tax Of 20%	4,911	(656)	234	4,266
Effects Of:				
Fixed Asset Differences	438	-	438	-
Expenses Not Deductible For Tax Purposes	180	1,179	180	13,395
Income Not Taxable For Tax Purposes	(6,181)	(630)	(1,504)	(17,953)
Group Relief Surrendered/(Claimed)	-	(376)	-	-
Chargeable Gains/(Losses)	48	-	48	-
Adjust Closing Deferred Tax To Average Rate Of 20%	84	-	84	-
Deferred Tax Not Recognised	(584)	(145)	(584)	(124)
Profit From Share in Partnerships	2,313	628	2,313	915
Unrelieved Tax Losses & Other Deductions Arising In The Period	-	-	-	11
Loss From Share In Partnership	-	-	-	(510)
LLP Losses Not Available For Relief	(184)	-	(184)	-
FRS 102 Transitional Adjustment In Respect Of Stock	379	-	379	-
Movement In Fair Value Of Investment Properties Not Deductible For Tax	191	-	191	-
Tax Charge For The Period	1,595	-	1,595	-

12. FIXED ASSETS – HOUSING PROPERTIES – GROUP

	KEY WORKER ACCOMMODATION Completed Properties Held For Letting	RENTED PROPERTIES Completed Properties Held For Letting	RENTED PROPERTIES Under Construction	LOW COST HOME OWNERSHIP Completed Properties	LOW COST HOME OWNERSHIP Under Construction	Total
COST	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015	111,000	591,384	15,481	328,453	18,248	1,064,566
Additions:						
New Developments	-	-	16,223	(2,375)	27,157	41,005
Works To Existing Properties	35	16,194	-	221	-	16,450
Reclassification	-	4,336	-	(4,931)	-	(595)
Properties Completed	-	15,921	(15,921)	16,691	(16,691)	-
Change Of Tenure	-	175	-	(175)	-	-
Transfers From/(To) Subsidiary		(68)	-	68	-	-
Disposals:						
Staircasing Sales	-	(179)	-	(14,202)	-	(14,381)
Eliminated On Disposal	(28)	(312)	-	(60)	-	(400)
At 31 March 2016	**111,007**	**627,451**	**15,783**	**323,690**	**28,714**	**1,106,645**
LESS: DEPRECIATION						
At 1 April 2015	2,351	7,408	-	-	-	9,759
Charge For Year	2,642	7,679	-	-	-	10,321
Other	(5)	(51)	-	-	-	(56)
Eliminated On Disposal	-	227	-	-	-	227
At 31 March 2016	**4,988**	**15,263**	**-**	**-**	**-**	**20,251**
NET BOOK VALUE						
At 31 March 2016	**106,019**	**612,188**	**15,783**	**323,690**	**28,714**	**1,086,394**
At 31 March 2015	108,649	583,976	15,481	328,453	18,248	1,054,807

12. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – ASSOCIATION

	KEY WORKER ACCOMMODATION Completed Properties Held For Letting	RENTED PROPERTIES Completed Properties Held For Letting	RENTED PROPERTIES Under Construction	LOW COST HOME OWNERSHIP Completed Properties	LOW COST HOME OWNERSHIP Under Construction	Total
COST	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015	64,830	11,502	-	11,533	-	87,865
Additions:						
New Developments	-	-	201	-	44,260	44,461
Works To Existing Properties	-	13,988	-	76	-	14,064
Reclassification	-	4,854	-	(4,876)	-	(22)
Properties Completed	-	-	-	16,691	(16,691)	-
Transfer From/(To) Subsidiary	-	12,273	-	(9,514)	-	2,759
Transfers From/(To) Stock	-	(4,629)	(201)	2,628	(27,557)	(29,759)
Disposals:						
Staircasing Sales	-	-	-	(948)	-	(948)
At 31 March 2016	**64,830**	**37,988**	**-**	**15,590**	**12**	**118,420**
Less: Depreciation						
At 1 April 2015	1,781	-	-	-	-	1,781
Charge For The Year	1,781	184	-	-	-	1,965
Transfers From/(To) Subsidiary	-	(27)	-	-	-	(27)
Transfers From/(To) Stock	-	(20)	-	-	-	(20)
Eliminated On Disposal	-	227	-	-	-	227
At 31 March 2016	**3,562**	**364**	**-**	**-**	**-**	**3,926**
NET BOOK VALUE						
At 31 March 2016	**61,268**	**37,624**	**-**	**15,590**	**12**	**114,494**
At 31 March 2015	63,049	11,502	-	11,533	-	86,084

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
NET BOOK VALUE OF HOUSING PROPERTIES COMPRISE:				
Freehold	802,865	799,474	11,859	6,912
Long Leasehold	262,355	248,977	81,460	71,978
Finance Leases	21,175	7,194	21,175	7,194
	1,086,395	**1,055,645**	**114,494**	**86,084**

Given the Group's long held policy of capitalising the finance costs associated with carrying out development activity, it is not possible to disclose the aggregate amount of finance costs included in the cost of housing properties as required by FRS 102.

On 8 July 2015 the Summer Budget included the announcement that the Government would reduce rents in social housing in England by 1% per annum for four years from April 2016. The Government indicated that this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. This triggered an indicator of impairment and a full review was performed. It was concluded for all properties that the value in use is higher than the carrying value and as a result, no impairment has been provided for in the accounts.

13. FIXED ASSET INVESTMENTS

The fair value, net book value and share of profits for joint ventures and associated undertakings is presented below:

GROUP		**Joint Ventures**		**Associated Undertakings**	**Total**
	Evolution	**Opal**	**Total**		
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
COST					
At 1 April 2015	50	28,357	28,407	30,235	58,642
Additions	-	-	-	-	-
Disposals	-	(4,402)	(4,402)	-	(4,402)
Movement In Fair Value	-	-	-	3,909	3,909
At 31 March 2016	**50**	**23,955**	**24,005**	**34,144**	**58,149**
SHARE OF PROFITS					
At 1 April 2015	(478)	(435)	(913)	(42)	(955)
Profit For The Year	(222)	10,643	10,421	89	10,510
Dividend Distribution	-	(7,038)	(7,038)	-	(7,038)
At 31 March 2016	**(700)**	**3,170**	**2,470**	**47**	**2,517**
NET BOOK VALUE					
At 31 March 2016	**(650)**	**27,125**	**26,475**	**34,191**	**60,666**
At 31 March 2015	(428)	27,922	27,494	30,193	57,687

There was no premium on acquisition relating to the associated undertakings or joint venture.

DETAILS OF SUBSIDIARY UNDERTAKINGS, JOINT VENTURES AND ASSOCIATED UNDERTAKINGS AND OTHER INVESTMENTS

Subsidiary	Status	Activity	Holding
Thames Valley Charitable Housing Association Limited	Registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014.	Housing Association	100%
TVH Fizzy Holdings Ltd	Limited Company registered in England and Wales	Holding Company	100%
TVH Fizzy 2 Limited	Limited Company registered in England and Wales	Holding Company	100%
Fizzy Services Management LLP	LLP registered in England and Wales	Property Management	100%
Fizzy Brand Management LLP	LLP registered in England and Wales	Brand Management	95%

Joint Venture	Status	Activity	Holding
Opal Land LLP	LLP registered in England and Wales	Development and Sale of residential accommodation	50%
Opal (St. Bernard's) LLP	LLP registered in England and Wales	Development and Sale of residential accommodation	50%
Opal (Earlsfield) LLP	LLP registered in England and Wales	Development and Sale of residential accommodation	50%
Opal (Grange Walk) LLP	LLP Registered in England and Wales	Development and Sale of residential accommodation	50%
Opal (Silvertown) LLP	LLP Registered in England and Wales	Development and Sale of residential accommodation	50%
Evolution (Woking) Limited	Limited Company registered in England and Wales	Development and Management of residential accommodation	50%

Associated Undertakings	Status	Activity	Holding
Fizzy Newco1 Ltd	Limited Company registered in England and Wales	Holding Company	34%
Fizzy Enterprises LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy One LLP	LLP registered in England and Wales	Holding Company	34%
Fizzy Two LLP	LLP registered in England and Wales	Holding Company (Dormant)	34%
Fizzy Canning Town LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Epsom LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Stepney Green LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Poplar LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Lewisham LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Finchley LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Silvertown Way A LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Silvertown Way B LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Hayes LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Lewisham B1 LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Fizzy Hackney Wick LLP	LLP registered in England and Wales	Property Investment and Rental	34%
Academy 4 Housing	Social Enterprise Company Limited by Guarantee in England and Wales	Training	25%

14. VALUATION DISCLOSURE

For information purposes only, completed housing properties were revalued by Jones Lang LaSalle (JLL), Chartered Surveyors at Existing Use Value for Social Housing (EUV-SH) and Market Value (MV) in accordance with the current edition of the Royal Institution of Chartered Surveyors' (RICS Valuation Standards PS5.1) Appraisal and Valuation Standards. EUV-SH means that the properties are assumed to be managed and owned by a Registered Provider of Social Housing which is committed to the provision of rented accommodation let at affordable rents, and that vacant units would be re-let at affordable rents rather than sold on the open market. Market Value means the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation basis used for this disclosure is that recommended by the Statement of Recommended Practice "Accounting by Registered Social Housing Providers Update 2010". The discount rate in the valuation was 5.5% (excluding the effect of inflation for rental income) and 8% on estimated future staircasing sales.

If housing properties had been stated at EUV-SH, the amounts disclosed in the Balance Sheet in respect of completed housing properties and the revaluation reserve would have been as follows:

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Completed Housing Properties At Valuation	997,510	1,033,620	131,147	77,516
Revaluation (Loss)/Surplus – Housing Properties	(58,552)	(1,616)	14,840	(10,389)

Completed Housing Properties at Valuation is the net book value of all completed properties held for letting in Note 12 and the Investment Properties in Note 15.

Based on the valuation conducted by JLL, Chartered Surveyors at 31 March 2016, the Association's assets EUV-SH valuation is less than the carrying value of the properties. The revaluation loss is primarily due to the reduction in rents for social housing in England by 1% per annum for four years from April 2016.

15. OTHER FIXED ASSETS - GROUP

	Investment Property Completed (Valuation)	Investment Property Under Construction (Cost)	Leasehold Office Premises (Cost)	Office Furniture & Equipment (Cost)	Computer Hardware & Software (Cost)	Scheme Furnishings & Equipment (Cost)	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
COST OR VALUATION							
At 1 April 2015	14,167	354	4,073	1,126	265	14,737	34,722
Additions	-	-	43	26	290	2,492	2,851
Reclassification	955	-	-	-	-	-	955
Revaluation (Deficit)	(948)	3	-	-	-	-	(945)
At 31 March 2016	**14,174**	**357**	**4,116**	**1,152**	**555**	**17,229**	**37,583**
DEPRECIATION							
At 1 April 2015	9	-	1,979	917	31	9,812	12,748
Charge For Year	-	-	258	92	52	1,216	1,618
At 31 March 2016	**9**	**-**	**2,237**	**1,009**	**83**	**11,028**	**14,366**
NET BOOK VALUE							
At 31 March 2016	**14,165**	**357**	**1,879**	**143**	**472**	**6,201**	**23,217**
At 31 March 2015	14,158	354	2,094	209	234	4,925	21,974

Student accommodation properties valued at £10.27m were moved from fixed assets to investment properties in accordance with the requirements of FRS 102.

Other Investment properties were valued by JLL, Chartered Surveyors, on the basis of their Market Value as at 31 March 2016. These valuations were undertaken in accordance with the Appraisal and Valuation Standards published by the RICS Valuation Standards PS5.1.

15. OTHER FIXED ASSETS - ASSOCIATION

	Investment Property (Valuation) £'000	Leasehold Office Premises (Cost) £'000	Office Furniture & Equipment (Cost) £'000	Computer Hardware & Software (Cost) £'000	Total £'000
COST OR VALUATION					
At 1 April 2015	355	4,074	1,126	13,994	19,549
Reclassification	955	-	-	-	955
Additions	-	43	26	2,492	2,561
Revaluation (Deficit)	(952)	-	-	-	(952)
At 31 March 2016	**358**	**4,117**	**1,152**	**16,486**	**22,113**
DEPRECIATION					
At 1 April 2015	-	1,979	918	9,069	11,966
Charge For Year	-	258	92	1,217	1,567
At 31 March 2016	**-**	**2,237**	**1,010**	**10,286**	**13,533**
NET BOOK VALUE					
At 31 March 2016	**358**	**1,880**	**142**	**6,200**	**8,580**
At 31 March 2015	355	2,095	208	4,925	7,583

Investment properties were professionally revalued by JLL, Chartered Surveyors, on the basis of their Market Value as at 31 March 2016. These valuations were undertaken in accordance with the Appraisal and Valuation Standards published by RICS Valuation Standard PS5.1.

16. HOMEBUY EQUITY LOANS – GROUP

	MyChoice Homebuy £'000	Open Market Homebuy £'000	2016 Total £'000	2015 Total £'000
HOMEBUY EQUITY LOANS ADVANCED				
At 1 April	29,704	36,301	66,005	74,812
Loans Issued During The Year	102	-	102	-
Loans Redeemed During The Year	(3,606)	(4,571)	(8,177)	(8,807)
At 31 March	**26,200**	**31,730**	**57,930**	**66,005**

17. STOCK AND WORK IN PROGRESS

GROUP	First Tranche Low Cost Home Ownership	Developed For Sale	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
Gross Cost: Completed	2,906	-	2,906	2,830
Gross Cost: WIP	17,553	1,981	19,534	12,473
	20,459	**1,981**	**22,440**	**15,303**

ASSOCIATION	Developed For Subsidiary	First Tranche Low Cost Home Ownership	Developed For Sale	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000
Gross Cost: Completed	24,311	2,906	-	27,217	27,191
Gross Cost: WIP	30,512	17,593	1,981	50,086	32,332
	54,823	**20,499**	**1,981**	**77,303**	**59,523**

The Association develops social housing for other registered housing associations and also for its subsidiary, Thames Valley Charitable Housing Association Limited. The net cost of these developments is held as current assets up to the point of transfer.

18. DEBTORS

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
AMOUNTS RECEIVABLE WITHIN ONE YEAR				
Rent And Service Charges	5,346	5,122	342	258
Less: Provision For Bad Debts	(1,147)	(1,158)	(41)	(26)
	4,199	**3,964**	**301**	**232**
Property Grants Receivable	144	723	-	4
Amounts Receivable From Leaseholders And Tenants	252	706	4	4
Due From Subsidiaries	-	-	31,512	29,643
Due From Associates	1,038	1,222	-	-
VAT Recoverable	283	-	283	-
Prepayments	491	1,335	480	1,327
Secured Cash Deposits	812	29,805	-	-
Loans To Joint Ventures	-	-	7,130	-
Investments	17,908	25,626	17,908	25,677
Other Debtors	3,450	3,004	943	1,505
	28,577	**66,385**	**58,561**	**58,392**
AMOUNTS RECEIVABLE AFTER ONE YEAR				
Loans To Joint Ventures	-	-	15,893	-
Investments	7,021	7,021	7,021	7,021
Property Mortgages	445	666	445	666
	7,466	**7,687**	**23,359**	**7,687**

19. CREDITORS

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Loans (Note 21)	2,900	2,770	-	-
Trade Creditors	1,235	1,188	477	599
Grant Due To Consortium Members	90	-	90	-
Loan Interest Due	3,271	2,844	-	-
Recycled Capital Grant Fund (Note 23)	16,967	10,274	8,548	3,423
Property Development Accruals And Retentions	4,871	4,727	2,946	2,143
Bank Overdraft	1,308	345	566	326
Rent Received In Advance	2,367	2,189	103	92
Estate Costs Accruals (Including Major Repairs)	2,158	2,688	229	157
Amount Due To Subsidiary Undertaking	-	-	118,217	75,461
Leaseholder Sinking Funds	5,391	4,793	239	169
Amount Due Under Finance Leases (Note 19b)	73	64	73	64
Disposal Proceeds Fund (Note 22)	388	388	-	-
Taxation Payable	1,595	19	1,595	-
Grant Received In Advance	264	264	264	264
Equity Fee Accrual	-	3,060	-	3,060
Other Creditors And Accruals	10,385	7,777	7,800	5,804
	53,263	**43,390**	**141,147**	**91,562**

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Loans (Note 21)	560,705	570,174	39,046	40,000
Fair Value Of Financial Instruments (Note 21)	136,747	130,912	(9)	(18)
Deferred Capital Grant (Note 20)	68,124	72,376	11,340	7,217
Past Pension Deficit	7,306	5,960	7,310	5,954
Amount Due Under Finance Leases (Note 19b)	21,024	7,134	21,024	7,134
Disposal Proceeds Fund (Note 22)	456	167	-	-
Recycled Capital Grant Fund (Note 23)	22,972	21,068	5,118	366
	817,334	**807,791**	**83,829**	**60,653**

19b. FINANCE LEASE SCHEDULE

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Not Later Than One Year	73	64	73	64
Later Than One Year And Not Later Than Five Years	570	197	570	197
Later Than Five Years	20,454	6,937	20,454	6,937
	21,097	**7,198**	**21,097**	**7,198**

20. DEFERRED CAPITAL GRANT

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April	72,376	78,626	7,217	5,948
Grants Received During The Year	125	775	-	480
Grants Recycled From The Recycled Capital Grant Fund	(4,283)	-	843	789
Grant Adjustment	(2)	-	-	-
Released To Income During The Year	(34)	(7,025)	(2)	-
Grant Amortisation	(58)	-	-	-
Transfer From Subsidiary	-	-	3,282	-
At 31 March	**68,124**	**72,376**	**11,340**	**7,217**

21. LOANS

Loans are secured by charges on selected properties of the Group and are repayable as follows:

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
LOANS REPAYABLE BY INSTALMENTS				
In Five Or More Years	359,035	349,261	40,000	40,000
Between Two And Five Years	24,922	75,684	-	-
Between One And Two Years	5,990	2,897	-	-
	389,947	**427,842**	**40,000**	**40,000**
In One Year Or Less	2,900	2,770	-	-
	392,847	**430,612**	**40,000**	**40,000**
LOANS NOT REPAYABLE BY INSTALMENTS				
In Five Or More Years	116,009	146,444	-	-
Between Two and Five Years	63,000	3,000	-	-
	179,009	**149,444**	-	-
In One Year Or Less	-	-	-	-
	179,009	**149,444**	-	-
TOTAL LOANS	**571,856**	**580,056**	**40,000**	**40,000**
Add: Fair Value Of Financial Instruments	136,747	130,912	(9)	(18)
Less: Loan Issue Costs	(8,251)	(7,112)	(953)	-
TOTAL LOANS (INCLUDING FAIR VALUE)	**700,352**	**703,856**	**39,038**	**39,982**

The Barclays Lender Option Borrower Option (LOBO) loans are classified as non-basic financial instruments in accordance with FRS 102 and had a fair value of £136.7m (2015: £130.9m) at 31 March 2016. The change in fair value between 31 March 2015 and 31 March 2016 was £5.8m through removing the LOBO optionality and is recognised in the Statement of Comprehensive Income. During the year, the Group completed a partial restructure of £75m of the total £135m LOBO loans in order to reduce mark to market volatility. See subsequent events note (Note 35) for further information regarding the retained LOBO loans.

22. DISPOSAL PROCEEDS FUND - GROUP

	2016 £'000	2015 £'000
At 1 April	554	388
Social Housing Grant Recycled In The Year	290	167
At 31 March	**844**	**555**
DISCLOSED AS:		
Creditors Falling Due Within One Year	388	388
Creditors Falling Due After More Than One Year	456	167
	844	**555**

None of the above Disposal Proceeds Fund is due for repayment to the HCA or GLA.

23. RECYCLED CAPITAL GRANT FUND (RCGF)

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
At 1 April	31,342	20,057	3,789	4,171
Social Housing Grant Recycled In The Year	10,743	12,103	296	544
RCGF Utilised On New Build Housing Properties	(2,327)	(948)	(862)	(788)
Homebuy Utilisation And Allowances	-	-	-	-
Transfers With Properties Sold To Subsidiary Undertaking	-	-	10,382	(160)
Interest Credited To The Fund	181	130	61	22
At 31 March	**39,939**	**31,342**	**13,666**	**3,789**
DISCLOSED AS:				
Creditors Falling Due Within One Year	16,967	10,274	8,548	3,423
Creditors Falling Due After One Year	22,972	21,068	5,118	366
	39,939	**31,342**	**13,666**	**3,789**

None of the above Recycled Capital Grant Fund is due for repayment to the HCA or GLA.

24. CONTINGENT LIABILITIES

The Group receives grant from the HCA and from the GLA, which is used to fund the acquisition and development of housing properties and their components. Grant of £220m received in respect of housing properties held at 31 March 2014 was credited to reserves in respect of adoption of 'deemed' cost. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2016, the value of grant received in respect of these properties that had not been disposed of was £214m.
As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

25. NON-EQUITY SHARE CAPITAL

	2016 £	2015 £
Shares Of £1 Each Issued And Fully Paid		
At 1 April	6	8
Shares Issued During The Year	1	3
Shares Cancelled During The Year	-	(5)
At 31 March	**7**	**6**

All shareholdings relate to non-equity interests. The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares are not capable of being repaid or transferred. Where a shareholder ceases to be a shareholder, that person's share is cancelled and the amount paid up thereon becomes the property of the Association.

26. NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

	2016 £'000	2015 £'000
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		
Operating Surplus	37,499	30,537
Depreciation	12,166	12,127
Change In Stock	(7,137)	(3,691)
Change In Debtors	37,449	(65,451)
Change In Creditors	(3,324)	8,292
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**76,653**	**(18,186)**

	2016 £'000	2015 £'000
RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT		
Net Debt At 1 April	(650,181)	(571,642)
Increase In Cash In The Year	43,267	17,947
Change In Net Debt Resulting From Cash Flows	9,339	(90,651)
Fair Value Adjustment	136,747	130,912
NET DEBT AT 31 MARCH	**(460,828)**	**(513,434)**

	At 1 April 2015 £'000	Cash Flow £'000	Non Cash £'000	At 31 March 2016 £'000
ANALYSIS OF CHANGES IN NET DEBT				
Cash At Bank And In Hand	59,510	43,267	-	102,777
Debt Due After One Year	(701,086)	9,469	(5,835)	(697,452)
Debt Due Within One Year	(2,770)	(130)	-	(2,900)
Fair Value Adjustment	130,912		5,835	136,747
CHANGE IN NET DEBT	**(513,434)**	**52,606**	-	**(460,828)**

27. PENSION COSTS

Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

DEFICIT CONTRIBUTIONS

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUE OF PROVISION

	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000
Present Value of Provision	7,214	5,872	6,095

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 £'000	Period Ending 31 March 2015 £'000
Provision At Start of Period	5,872	6,095
Unwinding Of The Discount Factor (Interest Expense)	106	173
Deficit Contribution Paid	(693)	(665)
Remeasurements - Impact Of Any Change In Assumptions	(43)	269
Remeasurements - Amendments To The Contribution Schedule	1,972	-
Provision At End Of Period	**7,214**	**5,872**

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 £'000	Period Ending 31 March 2015 £'000
Interest Expense	106	173
Remeasurements – Impact Of Any Change In Assumptions	(43)	269
Remeasurements – Amendments To The Contribution Schedule	1,972	-
Contributions Paid In Respect Of Future Service*	492	419
Costs Recognised In Income And Expenditure Account	2,545	867

*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate Of Discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Pensions Trust – The Growth Plan

The Association participates in the growth plan, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

PRESENT VALUES OF PROVISION

	31 March 2016 £	31 March 2015 £	31 March 2014 £
Present Value of Provision	93,595	85,830	89,955

DEFICIT CONTRIBUTIONS

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each year on 1 April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each year on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 £	Period Ending 31 March 2015 £
Provision At Start Of Period	85,830	89,955
Unwinding Of The Discount Factor (Interest Expense)	1,404	2,383
Deficit Contribution Paid	(10,354)	(10,052)
Remeasurements - Impact Of Any Change In Assumptions	(1,463)	3,544
Remeasurements - Amendments To The Contribution Schedule	18,178	-
Provision At End Of Period	**93,595**	**85,830**

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 £	Period Ending 31 March 2015 £
Interest Expense	1,404	2,383
Remeasurements – Impact Of Any Change In Assumptions	(1,463)	3,544
Remeasurements – Amendments To The Contribution Schedule	18,178	-
Contributions Paid In Respect Of Future Service*	*	*
Costs Recognised In Income And Expenditure Account	*	*

*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate Of Discount	2.07	1.74	2.82

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

28. CAPITAL COMMITMENTS

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Capital Expenditure Contracted For But Not Included In The Financial Statements	105,758	40,187	68,680	21,070
Capital Expenditure Authorised Not Yet Contracted	18,162	51,314	12,940	41,485
	123,920	**91,501**	**81,620**	**62,555**
THE GROUP EXPECTS TO FINANCE THE ABOVE COMMITMENTS BY:				
Social Housing Grant Receivable	10,346	16,372	10,738	11,362
Utilisation Of Cash Balances	113,574	75,129	70,882	51,193
	123,920	**91,501**	**81,620**	**62,555**

29. FINANCIAL COMMITMENTS

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
IN RESPECT OF LOW COST HOME OWNERSHIP FIRST TRANCHE DEVELOPMENT				
Contracted For But Not Included In The Financial Statements	51,156	13,324	51,156	13,324
Authorised Not Yet Contracted For	8,627	27,657	8,627	27,657
	59,783	**40,981**	**59,783**	**40,981**

At the end of March 2016, the Group had £25m (2015: £90m) of committed and undrawn loan facilities.

30. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2016, the Group had annual commitments under non-cancellable operating leases as follows:

	2016		2015	
	Land and Buildings	**Other**	**Land and Buildings**	**Other**
	£'000	**£'000**	**£'000**	**£'000**
OPERATING LEASES WHICH EXPIRE:				
Within One Year	-	3	25	-
In Two To Five Years	-	176	-	5
After Five Years	947	-	927	149
	947	**179**	**952**	**154**

31. RELATED PARTY DISCLOSURES

The ultimate controlling party of the Group is Thames Valley Housing Association Limited - registered social housing provider. There is no ultimate controlling party of Thames Valley Housing Association Limited a registered social housing provider.

JOINT VENTURE AND ASSOCIATED COMPANIES

The following transactions took place between the group and its joint venture and associated companies during the year:

	Evolution Joint Venture		Opal Joint Venture		Fizzy Group Associate	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash Movements In The Year						
Net Loan Movements, Advances/(Repayments)	(23)	102	(4,565)	1,328	-	-
Loan Interest Received	-	-	693	602	241	-
Dividends Received	-	-	7,038	3,000	-	-
	(23)	**102**	**3,166**	**4,930**	**241**	**-**
Balances At Year End						
Investment Equity And Loans	50	50	22,181	26,988	26,177	26,177
Interest Receivable	-	-	1,774	1,369	1,038	1,222
	50	**50**	**23,955**	**28,357**	**27,215**	**27,399**

The Association provides management services, other services and loans to its subsidiaries. The quantum and basis of those charges is set out below:

PAYABLE TO ASSOCIATION BY SUBSIDIARIES

	Management Charges		Interest Charges	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Thames Valley Charitable Housing Association Limited	10,934	10,538	-	2,296
TVH Fizzy Holdings Limited	-	-	1,232	1,420
Fizzy Services Management LLP	812	907	116	51
	11,746	**11,445**	**1,348**	**3,767**

RECEIVED BY SUBSIDIARIES FROM ASSOCIATION

	Gift Aid	
	2016	**2015**
	£'000	**£'000**
Thames Valley Charitable Housing Association Limited	13,875	7,494
	13,875	**7,494**

INTRA-GROUP MANAGEMENT FEES

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of its subsidiaries. The management fee is calculated on a directorate basis. The costs are apportioned as follows:

Directorate	**by reference to**
Finance	Staff time
Corporate Costs	Staff time

INTRA-GROUP LOANS

Intra-group loans are repayable on demand and no guarantees are in place on either loan. Interest is payable on the loan balances.

Entity Granting Loan	**Entity Receiving Loan**	**Opening Balance £'000**	**Movement £'000**	**Closing Balance £'000**
Thames Valley Housing Association Limited	TVH Fizzy Holdings Ltd	27,640	895	28,535
Thames Valley Housing Association Limited	Fizzy Services Management LLP	1,601	1,376	2,977

The Association disposed of assets and transferred RCGF to its Thames Valley Charitable Housing Association Limited subsidiary as set out below:

	RCGF Transfer		**Housing Properties**		**Housing Grant**	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**	**2016 £'000**	**2015 £'000**
Transfer To Thames Valley Charitable Housing Association Limited	10,382	(160)	1,763	10,987	3,281	5,055

32. NUMBER OF HOMES OWNED, MANAGED OR ADMINISTERED BY THE GROUP

	At 1 April 2015 Number	**Acquired, Completed, Transferred Number**	**Transferred Number**	**Disposals Number**	**At 31 March 2016 Number**
General Needs	5,884	88	(101)	(1)	5,870
Affordable Rent	169	184	(24)	-	329
Supported Housing Bed spaces	19	-	-	-	19
Key Worker Accommodation	1,619	5	-	-	1,624
Student Accommodation	463	-	-	-	463
Low Cost Home Ownership	3,942	355	(201)	(163)	3,933
Low Cost Home Ownership Leasehold	1,017	116	(7)	(10)	1,116
Market Rent	33	-	(5)	-	28
Intermediate Rent	78	-	-	(6)	72
	13,224	**748**	**(338)**	**(180)**	**13,454**
Homes Administered For					
Open Market Homebuy Key Worker	807	-	-	(100)	707
Open Market Homebuy Non Key Worker	242	-	-	(22)	220
MyChoice Homebuy Key Worker	231	-	-	(31)	200
MyChoice Homebuy Non Key Worker	315	-	-	(44)	271
Mortgage Rescue Equity Loans	4	-	-	-	4
Market Rent	246	-	-	-	246
Social Rent	8	100	-	-	108
	15,077	**848**	**(338)**	**(377)**	**15,210**

	31 March 2016 (Number)	31 March 2015 (Number)
HOMES UNDER CONSTRUCTION		
Affordable Rent	97	224
Low Cost Home Ownership	204	248
General Needs	10	-
Private	34	-
Key Worker	86	-
	431	**472**

33. ACCOMMODATION MANAGED BY OTHERS

The following organisations manage accommodation on behalf of the Group:

	Number of Units of Accommodation	
	2016	**2015**
MANAGING AGENT		
Ability Housing	1	1
Kingfisher HVHS Housing Association Limited	-	138
First Wessex	138	-
Sovereign Housing Association Limited	285	285
Royal Horticultural Society	23	23
	447	**447**

34. LEGISLATIVE PROVISIONS

Thames Valley Housing Association Limited and its subsidiary undertaking, Thames Valley Charitable Housing Association Limited, are incorporated under the Co-operative and Community Benefit Societies Act 2014 and are Registered Providers of Social Housing registered with the Homes & Communities Agency under the Housing and Regeneration Act 2008. Thames Valley Charitable Housing Association Limited is an exempt charity registered under charitable rules.

35. SUBSEQUENT EVENTS

In May 2016, at a Special General Meeting of the Association, the Rules of the Association were updated to permit TVHA status as a subsidiary. Under a proposed merger with Genesis Housing Association ("GHA"), the Association would become a subsidiary of GHA and GHA would be admitted as a shareholder of the Association. In May/June 2016 at Special General Meetings of Thames Valley Charitable Housing Association ("TVCHA"), it was resolved that the whole of the stock, property, assets, liabilities and all engagements of TVCHA should be transferred to GHA in consideration for GHA issuing to each member of TVCHA at the time of the transfer one paid up share. The effective date of this transfer and TVHA becoming a subsidiary of GHA is upon registration with the Financial Conduct Authority (which has not yet taken place as at the date the Financial Statements were approved by the Board).

In June 2016, notification was received from Barclays that they would waive their lender option with respect to the remaining LOBO loans. As a result, this will further reduce mark to market volatility.

36. FIRST TIME ADOPTION OF FRS 102

SUMMARY OF CHANGES DUE TO ADOPTION OF FRS 102 1 APRIL 2014 - GROUP

		Revenue Reserves	Revaluation Reserves	Total
		£'000	£'000	£'000
At 1 April 2014		191,462	2,468	193,930
Consolidation Adjustment		142,453	26,577	169,030
As Restated Under Former (UK GAAP)		333,915	29,045	362,960
Housing Property				
Reserves Movement For Investment Property		432	(432)	-
Grant Released To Reserves	(h)	220,325	-	220,325
Depreciation	(e)	(15,986)	-	(15,986)
Deemed Cost Valuation (Loss)/Gain	(b)	(137,218)	189,367	52,149
Movement In Fair Value Of Investment Properties		(1,902)	-	(1,902)
Pension		(6,185)	-	(6,185)
Financial Instrument				
Movement In Fair Value Of Financial Instruments	(i)	(62,267)	-	(62,267)
As Restated (FRS 102) 1 April 2014		**331,114**	**217,980**	**549,094**

SUMMARY OF CHANGES DUE TO ADOPTION OF FRS 102 MARCH 2015

RESTATED TOTAL COMPREHENSIVE INCOME FOR YEAR ENDED MARCH 2015		Revenue Reserves	Revaluation Reserves	Total
		£'000	£'000	£'000
As Restated (FRS 102) 1 April 2014		331,114	217,980	549,094
Total Recognised Surpluses and Deficits (UK GAAP)		20,313	-	20,313
Housing Property				
Change In Depreciation	(e)	(827)	-	(827)
Increase In Cost Of Sale Of Fixed Asset		(2,814)	-	(2,814)
Revaluation Loss On Disposed Asset		-	(1,777)	(1,777)
Operating Cost		1,121	-	1,121
Investment Properties				
Movement In Fair Value Of Investment Properties	(b)	(2,170)	-	(2,170)
Financial Instrument				
Movement In Fair Value Of Financial Instruments	(j)	(68,688)	-	(68,688)
Interest Payable		(133)	-	(133)
Fixed Asset Investments				
Movement In Fair Value Of Associated Undertakings		4,058	-	4,058
Total Recognised Surpluses and Deficits (FRS 102)		**(49,140)**	**(1,777)**	**(50,917)**
Movement In Reserve		**(706)**	**706**	**-**
As Restated (FRS 102) 1 April 2015		**281,268**	**216,909**	**498,177**

EXPLANATION OF CHANGES TO PREVIOUSLY REPORTED PROFIT AND EQUITY

a) FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.

b) FRS 102 requires that changes in the fair value of investment properties be recognised in profit or loss for the period. Under previous UK GAAP these changes were recognised outside of profit or loss and presented separately in a revaluation reserve. This change has increased reported profit for the year ended 31 March 2015 but has not affected the measurement of investment property on the Balance Sheet.

c) Section 35 of FRS 102 allows first-time adopters to elect to measure property plant and equipment (PPE), at its fair value at the date of transition and use that fair value as its deemed cost at that date.

d) Section 17 of FRS 102 states that any gain in revaluation must be recognised within comprehensive income and the revaluation reserves, any losses must be offset by any gains recognised in the revaluation reserve and then must be recognised within surplus/deficits before taxation.

e) Adoption of the deemed cost option has resulted in a net increase in fixed assets at 1 April 2014 of £429m on a net book value basis with £189m of revaluation gains credited to revaluation reserve and a charge to income and expenditure reserves of £137m. Consequently, depreciation for the year ended 31 March 2015 has increased by £827k.

f) Social Housing Grant can no longer be offset against housing property within fixed assets and under Section 24 of FRS 102, where properties are held at deemed cost, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the 'accrual model' with the grant amortised over the life of the structure and components of the property.

g) Grants relating to revenue are recognised in Statement of Comprehensive Income over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

h) The effect on the 1 April 2014 balance sheet is the movement of £220m social housing grant (relating to assets where the deemed cost option has been applied) to reserves, £15.8m (relating to assets held at historic cost) to long term creditors and £179m set against the fixed asset (relating to stock transfers). In addition £61.4m of grant relating to Homebuy, previously shown within Investments has been reclassified within long term creditors. Movements to the long term creditor grants during 2014/5 are shown in note 20.

i) Section 11 requires basic financial instruments to be measured at amortised cost. For the 1 April 2014 balance sheet, the amortised measurement reduced basic loans by £63k.

j) Section 12 requires other financial instruments to be measured at fair value with any gains or losses going through surplus and deficit. For the 1 April 2014 balance sheet, the fair value adjustment increased the LOBO loan by £62m.

k) The present value of past pension deficit contribution of £6m was recognised in liabilities and charged against the reserves at 1 April 2014. Consequently, pension finance charge of £175k was made for the year ended 31 March 2015 to recognise the unwinding effect of the deficit payment

SUMMARY OF CHANGES DUE TO ADOPTION OF FRS 102 APRIL 2014 - ASSOCIATION

		Revenue Reserves	Revaluation Reserves	Total
		£'000	£'000	£'000
At 1 April 2014		103,887	177	104,064
As restated under former UK (GAAP)		103,887	177	104,064
Housing Property				
Grant Released To Reserves	(h)	16,333	-	16,333
Deemed Cost Valuation (Loss)/Gain	(e)	(16,002)	1,648	(14,354)
Pension	(j)	(6,185)	-	(6,185)
As Restated (FRS 102) 1 April 2014		**98,033**	**1,825**	**99,858**

SUMMARY OF CHANGES DUE TO ADOPTION OF FRS 102 MARCH 2015

RESTATED TOTAL COMPREHENSIVE INCOME FOR YEAR ENDED MARCH 2015		Revenue Reserves	Revaluation Reserves	Total
		£'000	£'000	£'000
As Restated (FRS 102) 1 April 2014		98,033	1,825	99,858
Total Recognised Surpluses And Deficits (GAAP)		(3,123)	-	(3,123)
Housing Property				
Change In Depreciation	(e)	(12)	-	(12)
Increase In Cost of Sale of Fixed Asset	(g)	(1,960)	-	(1,960)
Grant Write Back		(20)		(20)
Operating Cost		399	-	399
Investment Properties				
Movement In Fair Value Of Investment Properties	(b)	4	-	4
Financial Instrument				
Impact Of Amortised Cost Basis	(i)	19	-	19
Pension - Interest Payable	(j)	(175)	-	(175)
Total Recognised Surpluses and Deficits (FRS 102)		**(4,868)**	**-**	**(4,868)**
As Restated (FRS 102) 1 April 2015		**93,165**	**1,825**	**94,990**

EXPLANATION OF CHANGES TO PREVIOUSLY REPORTED PROFIT AND EQUITY

a) FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.

b) FRS 102 requires that changes in the fair value of investments properties be recognised in profit or loss for the period. Under previous UK GAAP these changes were recognised outside of profit or loss and presented separately in a revaluation reserve. This change has increased reported profit for the year ended 31 March 2015 but has not affected the measurement of investment property on the Balance Sheet.

c) Section 35 of FRS 102 allows first-time adopters to elect to measure property plant and equipment (PPE), at its fair value at the date of transition and use that fair value as its deemed cost at that date.

d) Section 17 of FRS 102 states that any gain in revaluation must be recognised within comprehensive income and the revaluation reserves, any losses must be offset by any gains recognised in the revaluation reserve and then must be recognised within surplus/deficit before taxation.

e) Adoption of the deemed cost option has resulted in a net increase in fixed assets at 1 April 2014 of £5m on a net book value basis with £1.7m of revaluation gains credited to revaluation reserve and a charge to income and expenditure reserves of £16m. Consequently, depreciation for the year ending 31 March 2015 has increased by £12k.

f) Social Housing Grant can no longer be offset against housing property within fixed assets and under Section 24 of FRS 102, where properties are held at deemed cost, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the ‘accrual model’ with the grant amortised over the life of the structure and components of the property.

g) Grants relating to revenue are recognised in Statement of Comprehensive Income over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

h) The effect on the 1 April 2014 balance sheet is the movement of £16m social housing grant (relating to assets where the deemed cost option has been applied) to reserves, £6m (relating to assets held at historic cost) to long term creditors. Movements to the long term creditor grants during 2014/15 are shown in Note 20.

i) Section 11 requires basic financial instruments to be measured at amortised cost. For the 1 April 2014 balance sheet, the amortised measurement reduced basic loans by £19k.

j) The present value of past pension deficit contribution of £6m was recognised in liabilities and charged against the reserves at 1 April 2014. Consequently, pension finance charge of £175k was made for the year ended 31 March 2015 to recognise the unwinding effect of the deficit payment